

ASSESSORS' HANDBOOK
SECTION 267

WELFARE EXEMPTION

DECEMBER 1985

REPRINTED OCTOBER 1997

CALIFORNIA STATE BOARD OF EQUALIZATION

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Reprint Note

This manual does not include the Words and Phrases Index from the December 1985 version of Assessors' Handbook Section 267, *Welfare Exemption*. A copy of the index may be obtained from the Policy, Planning, and Standards Division of the State Board of Equalization.

This manual has been reprinted with a new format and minor corrections for spelling and math errors. The text of the manual has not changed from the prior edition. It has **not** been edited for changes in law, court cases, or other changes since the original publication date.

FOREWORD

The major problem in administering the welfare exemption is that two of the terms used to describe the **type** of an organization which can receive the exemption and the **use** of property, entitling the property to be exempt are general terms: "religious" and "charitable." It is very difficult to determine what is a religious organization and a religious use of property, and what is a charitable organization and charitable use of property. The problem in administration is not what **is** religious or charitable, but what **is not**. By the act of filing for the exemption, an organization claims it is religious or charitable, and the property for which the exemption is sought is used for religious or charitable purposes. Because of the generality of the terms, the one administering the exemption can find a plausible reason to grant an exemption to almost every claimant. It must be assumed that the electorate, when adopting the constitutional amendment, did not mean that every entity calling itself religious or charitable should receive an exemption. Even with organizations that are religious or charitable, it cannot be assumed that the electorate felt that every property they owned would be exempt merely because they owned it; it can only be assumed that the electorate anticipated that the property must be used for the religious or charitable purposes of the claiming organization.

The purpose of this handbook is to present specific criteria which are to be used to distinguish from all of those organizations which apply for the exemption, those that are religious and charitable within the intent of the electorate when the amendment was adopted, and similarly to identify religious and charitable uses anticipated by the electorate.

Legislation affecting matters in this welfare handbook enacted after September 1, 1985 will be sent to users of this handbook in the form of Letters To Assessors. Subsequent updated pages will be sent on an annual basis.

The Standards Committee of the California Assessors' Association reviewed this manual. It was adopted by the Board of Equalization on January 9, 1986.

Verne Walton, Chief
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January 1986

TABLE OF CONTENTS

ALPHABETICAL LISTING OF COURT CASES	v
CHAPTER 1: CONSTITUTIONAL AND STATUTORY PROVISIONS	1
CALIFORNIA CONSTITUTIONAL PROVISIONS	1
REVENUE AND TAXATION CODE PROVISIONS	2
<i>Organizations and Uses of Property Qualifying for Exemption</i>	2
<i>Procedure for Claiming and Granting the Welfare Exemption</i>	3
CHAPTER 2: EXEMPTION LIMITATIONS	4
GENERAL RULES	4
PROPERTY USED EXCLUSIVELY FOR RELIGIOUS, HOSPITAL, OR CHARITABLE PURPOSES	5
<i>Owner and Operator</i>	5
<i>Property and Its Use</i>	17
PROPERTY USED EXCLUSIVELY FOR SCIENTIFIC PURPOSES	26
<i>Constitutional Restriction on Exemption of Real Property</i>	26
<i>Additional Requirements</i>	26
CHAPTER 3: PROCEDURE	27
PROCEDURE FOR HANDLING THE WELFARE EXEMPTION	27
LISTING ON THE ROLL	27
INSTRUCTIONS FOR PREPARING AND FILING CLAIM FOR EXEMPTION	27
<i>Filing of Claim</i>	27
<i>Time for Filing</i>	28
<i>Preparation of the Claim</i>	28
<i>Additional Information</i>	29
<i>Recordation Requirement</i>	29
COMPLETION OF THE ASSESSOR'S FIELD INSPECTION REPORT	30
REMEDIAL PROVISIONS FOR LATE EXEMPTION CLAIMS	31
CHAPTER 4: EXHIBITS	35
A. <i>Guidelines for Dedication—Dissolution Clause</i>	35
B. <i>Franchise Tax Board Form 3500 (Instructions 10-84, Form 10-84)</i>	35
C. <i>Claim for Welfare Exemption</i> <i>(State Board of Equalization Form SBE-ASD AH 267, Revised 10-12-84)</i>	35
D. <i>Welfare Exemption Assessor's Field Inspection Report</i> <i>(State Board of Equalization Form SBE-ASD AH 267F, Revised 10-12-84)</i>	35
E. <i>Claim for Veterans' Organization Exemption</i> <i>(State Board of Equalization Form SBE-ASD AH 269, Revised 10-12-84)</i>	35
F. <i>Veterans' Organization Exemption Assessor's Field Inspection Report</i> <i>(State Board of Equalization Form SBE-ASD AH 269F, Revised 10-12-84)</i>	35
G. <i>Welfare or Veterans' Organization Exemption Finding Sheet</i> <i>(State Board of Equalization Form SBE-ASD AH 267G, Rev. 5 11-84)</i>	35

<i>H. Welfare Exemption, Supplemental Affidavit, Rehabilitation-Living Quarters (Yearly Filing) (State Board of Equalization Form SBE-ASD AH 267R, Revised 10-1-81)....</i>	<i>35</i>
<i>I. Welfare Exemption, Supplemental Affidavit, Housing-Elderly or Handicapped Families, SBE-ASD AH 267H, Income 2-6-85</i>	<i>35</i>

ALPHABETICAL LISTING OF COURT CASES

	<u>Page</u>
<i>Alcoser v. County of San Diego</i> , 111 Cal. App. 3d 907 (1980)	11
<i>Bay Cities Transportation Co. v. Johnson</i> , 8 Cal. 2d 706 (1937)	4
<i>California College of Mortuary Science v. County of Los Angeles</i> , 23 Cal. App. 3d 702 (1972)	11
<i>Cedars of Lebanon Hospital v. County of Los Angeles</i> , 35 Cal. 2d 729 (1950)	4, 5, 7, 13, 20
<i>Christ The Good Shepherd Lutheran Church v. Mathiesen</i> , 81 Cal. App. 3d 355 (1978)	5, 13, 18, 21
<i>Christward Ministry v. County of San Diego</i> , 271 Cal. App. 2d 805 (1969)	21
<i>City of Los Angeles v. County of Los Angeles</i> , 19 Cal. App. 3d 968 (1971)	17
<i>Cypress Lawn Cemetery Association v. City and County of San Francisco</i> , 211 Cal. 387 (1931)	4
<i>Eisley v. Mohan</i> , 31 Cal. 2d 637 (1948)	17
<i>English v. County of Alameda</i> , 70 Cal. App. 3d 226 (1977)	4, 17, 21
<i>Fellowship of Humanity v. County of Alameda</i> , 153 Cal. App. 2d 673 (1957)	6, 18
<i>Fifield Manor v. County of Los Angeles</i> , 188 Cal. App. 2d 1 (1961)	11
<i>First Baptist Church v. County of Los Angeles</i> , 113 Cal. App. 2d 392 (1952)	19
<i>Fredericka Home for the Aged v. County of San Diego</i> , 35 Cal. 2d 789 (1950)	4, 10, 11, 19
<i>Goodwill Industries v. County of Los Angeles</i> , 117 Cal. App. 2d 19 (1953)	4, 13
<i>Greek Theatre Association v. County of Los Angeles</i> , 76 Cal. App. 3d 768 (1978)	4, 9, 13, 17, 19, 21, 23, 25
<i>Honeywell Information Systems, Inc. v. County of Sonoma</i> , 44 Cal. App. 3d 23 (1974)	22
<i>House of Rest v. County of Los Angeles</i> , 151 Cal. App. 2d 523 (1957)	20
<i>J. Paul Getty Museum v. County of Los Angeles</i> , 148 Cal. App. 3d 600 (1983)	5, 10, 19, 26
<i>LaSociete Francaise v. California Employment Commission</i> , 56 Cal. App. 2d 534 (1943)	14
<i>Lundberg v. County of Alameda</i> , 46 Cal. 2d 644 (1956)	4, 10

<i>Martin Luther Homes v. County of Los Angeles</i> , 12 Cal. App. 3d 205 (1970)	11
<i>Moody Institute of Science v. County of Los Angeles</i> , 105 Cal. App. 2d 107 (1951)	4
<i>National Charity League v. County of Los Angeles</i> , 164 Cal. App. 2d 241 (1958)	19
<i>Pacific Home v. County of Los Angeles</i> , 41 Cal. 2d 844 and 41 Cal. 2d 855 (1953)	11, 16
<i>Pasadena Hospital Association v. County of Los Angeles</i> , 35 Cal. 2d 779 (1950)	16
<i>Peninsula Covenant Church v. County of San Mateo</i> , 94 Cal. App. 3d 382 (1979)	4, 11, 22
<i>St. Francis Memorial Hospital v. City and County of San Francisco</i> , 137 Cal. App. 2d 321 (1955)	15, 24
<i>St. Germain Foundation v. County of Siskiyou</i> , 212 Cal. App. 2d 911 (1963)	18
<i>San Francisco Boys' Club, Inc. v. County of Mendocino</i> , 254 Cal. App. 2d 548 (1967)	11, 12, 21
<i>Santa Catalina Island Conservancy v. County of Los Angeles</i> , 126 Cal. App. 3d 221 (1981)	4, 9, 22, 23, 25, 26
<i>Sarah Dix Hamlin School v. City and County of San Francisco</i> , 221 Cal. App. 2d 336 (1963)	21
<i>Serra Retreat v. County of Los Angeles</i> , 35 Cal. 2d 755 (1950)	6, 20
<i>Sherman v. Quinn</i> , 31 Cal. 2d 661 (1948)	17
<i>Solheim Lutheran Home v. County of Los Angeles</i> , 152 Cal. App. 2d 775 (1957)	15
<i>Stockton Civic Theatre v. Board of Supervisors</i> , 66 Cal. 2d 13 (1967)	4, 8, 9, 11, 16, 19
<i>Sutter Hospital v. City of Sacramento</i> , 39 Cal. 2d 33 (1952)	12, 24
<i>Tri-Cities Children's Center, Inc. v. Board of Supervisors</i> , 166 Cal. App. 3d 589 (1985)	18
<i>Young Men's Christian Association v. County of Los Angeles</i> , 35 Cal. 2d 760 (1950)	5, 11, 21

CHAPTER 1: CONSTITUTIONAL AND STATUTORY PROVISIONS

The following constitutional and statutory provisions govern the subject of the welfare exemption.

CALIFORNIA CONSTITUTIONAL PROVISIONS

Article XIII, section 4(b) of the California Constitution provides that the Legislature may exempt from property taxation in whole or in part:

Property used exclusively for religious, hospital, or charitable purposes and owned or held in trust by corporations or other entities (1) that are organized and operating for those purposes, (2) that are nonprofit, and (3) no part of whose net earnings inures to the benefit of any private shareholder or individual.

Article XIII, section 5:

Scope of certain exemptions. Exemptions granted or authorized by Sections 3(e), 3(f), and 4(b) apply to buildings under construction, land required for their convenient use, and equipment in them if the intended use would qualify the property for exemption.

Article XIII, section 6:

Failure to claim exemptions to be deemed waiver. The failure in any year to claim, in a manner required by the laws in effect at the time the claim is required to be made, an exemption or classification which reduces a property tax shall be deemed a waiver of the exemption or classification for that year.

Article XIII, section 14:

Property to be assessed where situated. All property taxed by local government shall be assessed in the county, city, and district in which it is situated.

Article XIII, section 33:

The Legislature shall pass all laws necessary to carry out the provisions of this article.

REVENUE AND TAXATION CODE PROVISIONS

ORGANIZATIONS AND USES OF PROPERTY QUALIFYING FOR EXEMPTION

Section 213.5	Polling place
Section 213.7	Volunteer fire department
Section 214	Basic requirements for exemption; property of museums or libraries, schools of less than collegiate grade, nursery schools, educational FM and TV stations, and certain federally financed housing of elderly or handicapped families
Section 214.01	Irrevocable dedication to exempt purposes clause required
Section 214.02	Property in its natural state
Section 214.1	Facilities under construction
Section 214.2	Construction includes demolition
Section 214.3	Reversion does not bar exemption after 30 years' use
Section 214.4	Definition: schools of less than collegiate grade
Section 214.5	Property of school combining less than collegiate grades with collegiate grades
Section 214.6	Property leased to exempt governmental entity or to community college, state college, or state university for educational purposes
Section 214.7	Use of hospital by licensed physician does not bar exemption
Section 214.8	Exemption limited to certain types of nonprofit organizations exempt from state and federal income tax, veterans organization's qualifications
Section 214.9	Hospital includes outpatient clinic which provides psychiatric service for emotionally disturbed children
Section 214.10	Property of nonprofit organizations organized and operated for advancement of education, improvement of social conditions, and improvement of job opportunities not disqualified if all funding is from governmental agencies
Section 214.11	Property of nonprofit organizations used to meet the needs of qualifying hospitals
Section 214.12	Forgiveness of not recording interest in property on lien date

Section 214.13	Property under development and to be conveyed to government or to qualifying nonprofit organization
Section 215	Veterans' organization exemption for personal property
Section 215.1	Veterans' organization exemption for real property
Section 215.2	Use of property for bingo games
Section 221	Nursery school; requirements for exemption
Section 222	Personal property of horticultural or zoological society
Section 222.5	Possessory interest of zoological society
Section 225.5	Definition: educational TV and FM stations
Section 231	Property leased to government

PROCEDURE FOR CLAIMING AND GRANTING THE WELFARE EXEMPTION

Section 166	Date of filing of claim or affidavit when filed by United States mail
Section 251	Authority of State Board of Equalization to prescribe exemption procedures and forms
Section 254	File affidavit annually
Section 254.5	Procedures for evaluation of claims
Section 255	Time to file claim form; additional time to file if claim for church or religious exemption denied
Section 259.5	Claims to show ownership and operation
Section 260	Noncompliance is waiver
Section 261	Owner to hold record title
Section 270	Forgiveness of late filing
Section 271	Forgiveness of not owning on lien date
Section 272	Enroll the exemption
Section 408	Claim open to public inspection
Section 465	Destroying documents

CHAPTER 2: EXEMPTION LIMITATIONS

GENERAL RULES

It was formerly the rule in California that exemptions from taxation are the exception and that ambiguities in exemption statutes are to be construed strictly against the taxpayer: *Bay Cities Transportation Co. v. Johnson*, 8 Cal. 2d 706; *Cypress Lawn Cemetery Association v. City and County of San Francisco*, 211 Cal. 387. More recent decisions, however, hold that exemption statutes should receive a strict but reasonable interpretation in order to carry out the apparent intent of the electorate: *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729; *Moody Institute of Science v. County of Los Angeles*, 105 Cal. App. 2d 107; *Goodwill Industries v. County of Los Angeles*, 117 Cal. App. 2d 19; *English v. County of Alameda*, 70 Cal. App. 3d 226; and *Peninsula Covenant Church v. County of San Mateo*, 94 Cal. App. 3d 382. In addition, a line of decisions beginning with *Fredericka Home for the Aged v. County of San Diego*, 35 Cal. 2d 789, and extending through *Lundberg v. County of Alameda*, 46 Cal. 2d 644, *Stockton Civic Theatre v. Board of Supervisors*, 66 Cal. 2d 13, *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, and *Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221, give the word "charitable" as used in the welfare exemption a liberal interpretation. (These latter decisions are discussed in more detail in following paragraphs.)

Since article XIII, section 1 of the California Constitution provides that "Unless otherwise provided by this Constitution or the laws of the United States . . . all property is taxable . . ." the application of the rule of strict but reasonable construction requires that the exemptions granted by section 214 be limited to that property specifically declared by the Constitution to be subject to exemption by the Legislature. Article XIII, section 4(b) grants the Legislature authority to exempt property used exclusively for religious, hospital, or charitable purposes.

Section 214 adds a fourth purpose "scientific," discussed in the section "Property Used Exclusively for Scientific Purposes," to the three mentioned in the Constitution, but the Legislature, by amendment in 1949, made certain that it did not go beyond its constitutional authority. It imposed strict limits on scientific purposes by adding section 214(7) to require that a scientific organization would, in addition to complying with the requirements for the exemption of a charitable organization in general, have to be chartered by Congress, except when its scientific purposes are medical research, and have to encourage or conduct scientific investigation, research and discovery for the benefit of the community at large.

The Legislature exceeded its authority in enacting section 215 to exempt real property of veterans' organizations in 1945 (8 Ops. Cal. Atty. Gen. 72). This section was subsequently amended to exempt only personal property of such organizations, which is constitutionally permissible. The question of veterans' organizations, however, surfaced again with the addition of section 215.1 in 1973, but the section now requires these organizations to comply with all of the requirements of section 214 and exempts only so much property as is used for charitable purposes.

The welfare exemption does not grant exemption from special assessments. See *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729, and *Young Men's Christian Association v. County of Los Angeles*, 35 Cal. 2d 760. The property of each of the organizations involved in the cited cases was held to be subject to flood control districts assessments.

If only a portion of a property qualifies under the welfare exemption, it is proper to apportion the value of the property according to its exempt and nonexempt uses and allow the exemption in the amount allocated to the exempt use. See *Young Men's Christian Association v. County of Los Angeles*, 35 Cal. 2d 760, and *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729. It must be remembered that the burden of establishing that the property is entitled to the exemption is upon the organization claiming it and that all reasonable doubts must be resolved in favor of the taxability of the property.

Finally, section 214 provides that the welfare exemption is in addition to any other exemption, and in some instances a qualifying organization may claim another exemption and/or the welfare exemption. See *J. Paul Getty Museum v. County of Los Angeles*, 148 Cal. App. 3d 600.

PROPERTY USED EXCLUSIVELY FOR RELIGIOUS, HOSPITAL, OR CHARITABLE PURPOSES

OWNER AND OPERATOR

The property will not be exempt unless the owner and operator meet the specific requirements of section 214. Usually the owner and operator are one and the same, and the filing of one claim will suffice. Section 214 does not require that the owner and the operator of the property be the same legal entity, however (*Christ The Good Shepherd Lutheran Church v. Mathiesen*, 81 Cal. App. 3d 355); but if property is **owned** by one exempt organization and **operated** by another exempt organization, each must file a claim for exemption.

If the **operator** is not an exempt organization, the portion of the **owner's** property used by the operator is not eligible for the exemption. On the other hand, if the owner of the real property is not an exempt organization, the operator may still receive the exemption as to personal property and improvements it owns if it meets the requirements of section 214. Property leased from an owner which is not an exempt organization is not exempt under the welfare exemption, but may be eligible for another exemption which depends solely upon use of the property.

Example 1

A qualifying organization, "A," is the owner of 10 acres of land and a building used for qualifying religious purposes, namely, religious worship, instruction, meetings, a church school, and church administration. A nonqualifying organization, "B," operates a preschool in a portion of the building in a private nonqualifying manner. Since "B" (the operator) is not qualified, "A" (the owner) does not receive an exemption on the portion of the property, building and land, used by "B." However, the remaining property,

building and land, is exempt as it is used exclusively by a qualifying organization, “A,” for qualifying religious purposes.

Example 2

“A” is the owner of 10 acres of land and a building and does not qualify for the welfare exemption as to either organization or use. “B,” a qualifying organization, operates a preschool in the building which use does qualify. Even though “A” is not qualified and the land and building are not exempt, all personal property owned by “B” and exclusively used in the exempt activity is entitled to the exemption.

Organized and Operated for Religious, Hospital, or Charitable Purposes

Aside from the inclusion of the additional word "scientific" in section 214, discussed in “Property Used Exclusively for Scientific Purposes, both article XIII, section 4(b) and section 214 require that the community chest, fund, foundation, or corporation claiming the exemption be organized and operated for religious, hospital, or charitable purposes.

The purpose of an organization must be scrutinized to determine whether it is organized for exempt purposes. And while it is not necessary that the organization be organized wholly for exempt purposes, the primary purposes of the organization must include a religious, hospital, or charitable purpose. The operation of the institution for exempt purposes will be determined by its activities.

What Constitutes a Religious Purpose?

The terms "religion" or "religious" do not require a belief in a supreme being. In *Fellowship of Humanity v. County of Alameda*, 153 Cal. App. 2d 673, the court made the following statement:

. . . the proper interpretation of the terms “religion” or “religious” in tax exemption laws should not include any reference to whether the beliefs involved are theistic or nontheistic. Religion simply includes: (1) a belief, not necessarily referring to supernatural powers; (2) a cult involving a gregarious association openly expressing the belief; (3) a system of moral practice directly resulting from adherence to the belief; and (4) an organization within the cult designed to observe the tenets of the belief. The content of the belief is of no moment. Assuming this definition of “religion” is correct, then it necessarily follows that any lawful means of formally observing the tenets of the cult is “worship” within the meaning of the tax exempt provision.¹

Religious purpose must be distinguished from religious worship for which the church exemption is available. In *Serra Retreat v. County of Los Angeles*, 35 Cal. 2d 755, the California Supreme Court pointed out the difference between the two exemptions:

¹ 153 Cal. App. 2d 673 at page 693.

[O]ur constitutional provision exempting churches from taxation limits the benefit to buildings used solely and exclusively for religious worship, while the later enacted welfare exemption law is described as **in addition** to such exemption and so, in evidence of a **broadier concept**, refers to property used exclusively for religious purposes.² (Citations omitted; emphasis supplied.)

The distinction is a necessary requirement of the constitutional scheme and must be carried out in accord with the mandate of the electorate. Obviously, if one exemption was subsumed under another constitutional provision, then the other would be rendered meaningless.

The California Supreme Court has interpreted the term **used exclusively**:

. . . to include any property which is used exclusively for any facility which is **incidental** to and **reasonably necessary** for the accomplishment of [exempt] purposes. . . . (Emphasis added.)

In this case, *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729, the court's ruling may be applied to the church exemption by paraphrasing the statement:

. . . for any facility which is reasonably necessary for the fulfillment of a generally recognized function of a complete modern [church].

In general, incidental uses are supportive of the primary religious worship use and usually involve only present or prospective members of the congregation. Administrative and business meetings of the church governing body, religious instructional sessions, practice sessions of the choir, and most activities of auxiliary organizations accountable to the local church authority would meet the test of an incidental and necessary use, thus eliminating the need for a claim for the welfare exemption. On the other hand, uses of property which are not incidental and necessary uses supportive of the primary religious worship use will necessitate the filing of a claim for the welfare exemption or the religious exemption. For example, where a portion of a church property is used for the administration of several churches rather than the particular church, or where church property, distant from the church itself, is used for retreats, summer camps, reading rooms, licensed parochial schools, licensed nursery schools, or other religious purposes, the welfare exemption must be claimed. Where church property upon which the church is located is used for church preschools, nursery schools, or parochial schools, the welfare exemption or the religious exemption may be claimed.

What Constitutes a Hospital Purpose?

The California Supreme Court in *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729, defined the word "hospital," as it is used in the welfare exemption, in the following language:

² 35 Cal. 2d 755 at page 759.

A hospital is primarily a service organization. It serves three groups: the patients, its doctors, and the public. It furnishes a place where the patient, whether poor or rich, can be treated under ideal conditions. It makes available room, special diet, x-ray, laboratory, surgery, and a multitude of other services and equipment now available through the advances of medical science. Essential to the administration of these techniques is the corps of highly-trained nurses and student nurses who are on duty twenty-four hours per day. In the large hospitals there are the interns and residents whose presence makes it possible for the hospital to do a better job. In addition, the hospital . . . must have administration to see that its services function properly and are coordinated, and that patients are received and cared for regardless of the hour or the patient's condition. Nothing can be left to chance because a slip may mean a life or many lives. These facilities also stand ready to serve the community in times of epidemic or disaster.³

Section 214.7 provides that in the case of a hospital neither the use of hospital property nor the receipt of fees or other lawful compensation by licensed physicians for the practice of their profession therein shall be grounds for denial of the welfare exemption. Section 214.7 does not apply to such portions of a hospital as may be leased or rented to physicians for their offices for the general practice of medicine.

Section 214.9 states:

For the purposes of Section 214, a "hospital" includes an outpatient clinic, whether or not patients are admitted for overnight stay or longer, where the clinic furnishes or provides psychiatric services for emotionally disturbed children.

A clinic which does not provide psychiatric services for emotionally disturbed children would not appear to qualify for the welfare exemption under the "hospital" aspect, but, nevertheless, might qualify under the charitable aspect if it involved a gift to the community at large.

Section 214.11 states:

For purposes of Section 214, property owned and operated by a nonprofit organization, otherwise qualifying for exemption under Section 214, shall be deemed to be exclusively used for hospital purposes so long as the property is exclusively used to meet the needs of hospitals which themselves qualify under Section 214. As used in this section, "needs of hospitals" includes any use incidental to, and reasonably necessary for, the functioning of a full hospital operation.

What Constitutes a Charitable Purpose?

The term "charitable" as used in article XIII, section 4(b) and section 214 was given a liberal interpretation by the State Supreme Court in *Stockton Civic Theatre v. Board of Supervisors*, 66

³ 35 Cal. 2d 729 at pages 735 and 736.

Cal. 2d 13, wherein the court held "charitable" was to be broadly rather than narrowly construed in line with previous decisions and based on "the wide and varied nature of the exemption."⁴ The court gave no single definition of "charitable", but instead a number of definitions were taken from various sources including tax cases, trust cases, commentaries, and cases from other jurisdictions. The court concluded that "charitable" encompasses "a wide range of activities beneficial to the community."⁵

In addition the court found that plaintiff's activities provided educational benefits with regard to light opera, operetta, musical productions, and plays, both to its audiences and to those engaged in its productions. The court considered these benefits "humanitarian in nature." It noted these activities "are often supported by government." The court concluded that "charitable" embraces educational activities and the plaintiff's activities were within the constitutional and statutory meaning of the term.⁶

However, the court pointed out that not every educational activity is charitable and hence, exempt. In order to be charitable, an educational activity "must benefit the community as a whole or an unascertainable and indefinite portion thereof." Thus, it excluded organizations existing mainly for the benefit of their "shareholders."

The *Stockton Civic Theatre* case was expanded upon in *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, wherein the court concluded that the "wide range of activities beneficial to the community," which the term "charitable" encompasses, included professional as well as amateur opera, ballet, musical productions, drama, and comedy. The fact that the professional entertainers who used the Association's facilities were compensated for their performances was of no consequence since the Association was organized and operated for charitable purposes and since the Association was putting on the productions itself, not merely leasing its facilities to others. And as in *Stockton Civic Theatre*, the Association's activities were found to benefit the community as a whole.

In *Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221, the court concluded that use of the island for recreational purposes, such as hiking, bicycling, sightseeing, camping, and hunting, by 100,000 annual users and by 500,000 annual visitors constituted use by an unascertainable portion of the community, and that preservation of a unique, partially wild, island environment containing many exceptional geological features, as well as many varieties of rare, endemic and native plant and animal species, provided incalculable benefit to every member of society. The fact that visitors were required to pay transportation costs to the island, to pay fees for motor tours, overnight camping, and hunting, and to obtain permits for hiking, bicycling, and camping was of no consequence, given the number of annual visitors and since the property was used for charitable purposes.

⁴ 66 Cal. 2d 13 at page 18.

⁵ 66 Cal. 13 at page 20.

⁶ Ibid at page 22.

And in *J. Paul Getty Museum v. County of Los Angeles*, 148 Cal. App. 3d 600, the court concluded that the use of property for a free museum displaying Greek and Roman antiquities, Renaissance paintings, and 17th and 18th century decorative arts was a charitable activity within the exemption, again noting that the term "charitable" is to be broadly construed, with the primary test being whether the activity promotes a general community benefit whose ultimate recipients are either the community as a whole or an unascertainable and indefinite portion thereof.⁷

The State Supreme Court in *Lundberg v. County of Alameda*, 46 Cal. 2d 644, had previously held that the word "charitable" is broad enough to include nonprofit schools of less than collegiate grade. The court observed:

The term charity has been defined in a number of California cases as "a gift" to be applied consistently with existing laws, for the benefit of an indefinite number of persons—either by bringing their hearts under the influence of education, or religion, by relieving their bodies from disease, suffering, or constraint, by assisting them to establish themselves in life or by erecting, or maintaining public buildings or works, or otherwise lessening the burdens of government.⁸

Prior to the *Lundberg* case, the State Supreme Court had applied a broad interpretation in *Fredericka Home for the Aged v. County of San Diego*, 35 Cal. 2d 789. In that case, the court held that the term "charity" does not refer only to aid to the poor and destitute, but that it includes humanitarian activities, rendered at cost or less, the objects of which are the care of the physical and mental well-being of the recipients and which make it less likely that such recipients will become a burden to society.⁹

Thus, benefits of an organization may be confined to the members of a certain segment of the public such as a particular race or creed provided no special advantage is given to members of the organization or to particular individuals. The class benefited must be sufficiently large that a gift to it may be considered to benefit an indefinite portion of the community. Nor should the exemption be denied because an organization receives revenue from the recipients of its benefits so long as the revenue is devoted to the accomplishment of its charitable purposes.

It should be noted that most of the decisions cited above relied in great measure on definitions of charity derived from the law of trusts where the emphasis was on the outgoing aspects of a gift in trust. A review of the fact patterns of these cases involving the charitable aspect of the welfare exemption reveals that in most instances the organizations which were held to be charitable had, in fact, received donations from outside sources at one time or another which they, in turn, passed on to recipients chosen from an indefinite class. In some cases, the donations enabled the organizations to start (*Fredericka Home for the Aged v. County of San Diego*, 35 Cal. 2d 789;

⁷ Section 214 states that the existence of the free museum exemption and free public library exemption shall not preclude the welfare exemption for museum property or public library property. Such is the case even though nominal charges may be made.

⁸ 46 Cal. 2d 644 at page 649.

⁹ 35 Cal. 2d 789 at page 793.

Fifield Manor v. County of Los Angeles, 188 Cal. App. 2d 1). In other cases, the donations allowed the organizations to continue (*Young Men's Christian Association v. County of Los Angeles*, 35 Cal. 2d 760; *San Francisco Boys' Club, Inc. v. County of Mendocino*, 254 Cal. App. 2d 548). Some organizations had both types of donations (*Fredericka Home for the Aged v. County of San Diego*, supra; *Fifield Manor v. County of Los Angeles*, supra; *Stockton Civic Theatre v. Board of Supervisors*, 66 Cal. 2d 13). In still other cases, although there was no explicit finding that there were donations to the organizations, it can be concluded that, by virtue of the very nature of the organizations and their affiliations, they were supported in whole or in part by donations (*Pacific Home v. County of Los Angeles*, 41 Cal. 2d 844). In *Martin Luther Homes v. County of Los Angeles*, 12 Cal. App. 3d 205, the claimant organization was found not qualified because the rents charged had to pay the cost of operation and amortize the purchase price of the land and building and the organization offered no charitable services to the tenants. There was no showing that it had received a subsidy or donation which it could or did pass on to its recipients.

In light of the definition of charity expressed by the above decisions, an organization cannot be considered a qualifying charitable organization unless it can demonstrate that it is in receipt of substantial donations from outside sources, which it in turn passes on to beneficiaries selected from an indefinite class for the benefit of the community as a whole.

Other aspects of the definition of charitable also cause problems of analysis. An accredited college with a one-year course for morticians and funeral directors was not considered charitable because it did not benefit the community as a whole, but benefited only the funeral service industry by providing competently trained personnel (*California College of Mortuary Science v. County of Los Angeles*, 23 Cal. App. 3d 702). Church-owned and operated recreational facilities were not considered charitable because they did not benefit the community as a whole, but benefited primarily a limited number of nonchurch members who paid membership fees for and had priority use of the facilities (*Peninsula Covenant Church v. County of San Mateo*, 94 Cal. App. 3d 382). And a construction industry vocational training school that was operated under a trust created by a labor union and construction industry employers who were parties to a collective bargaining agreement, that gave priority in admission to union members and to persons recommended by the employers, and that sought to obtain jobs for graduates exclusively with the employers was not considered charitable because it did not benefit the community as a whole, but benefited primarily the union and the employers which had created it (*Alcoser v. County of San Diego*, 111 Cal. App. 3d 907).

Ordinarily, chambers of commerce or other business leagues, literary societies, scientific societies, college fraternities and sororities, lodges or mutual benefit societies are not charitable, and such groups are not usually entitled to the exemption. This does not mean that the classification of an organization in one of these groups should result in automatic denial of the exemption. If such an organization makes an adequate showing that it was organized primarily for charitable purposes and only incidentally used for the usual functions of organizations of its type and is carrying on activities pursuant to its exempt purpose, it would qualify as being organized and operated for charitable purposes.

Not Organized or Operated for Profit

The owner and operator or operators of the property must not be organized or operated for profit. A corporation incorporated under the Nonprofit Corporation Law of this state (Title 1, Division II, Part 2 or Part 4 of the Corporations Code) or corresponding laws of another jurisdiction will usually qualify as not organized for profit. Since no similar nonprofit law exists for the formation of noncorporations, a satisfactory showing in this regard must be made by unincorporated associations. A review of such an organization's formative document, i.e., articles of association or constitution, will usually be sufficient to determine its nonprofit status.

Prior to 1953, section 214(3) required in addition to the owner not being organized or operated for profit, that the property could not be operated for profit. In response to *Sutter Hospital v. City of Sacramento*, 39 Cal. 2d 33, holding that purposely charging fees in excess of expenditures in order to finance expansion violated section 214(3), the Legislature in 1953 rewrote the requirement to provide that the property must be "used in the actual operation of the exempt activity." At the same time, section 214(1) was expanded to authorize a hospital to make an annual net profit of 10 percent of total expenditures including depreciation based on cost of replacement and amortization of, and interest on, indebtedness.

The 1953 amendment specified in addition, in an uncodified section expressing the Legislature's intention, that an organization did not make a profit if net revenues after expenses did not inure to any individual benefit, but went instead to provide for expansion, to fund future contingencies, or to amortize indebtedness. This interpretation was followed by the court in *San Francisco Boys' Club, Inc. v. County of Mendocino*, 254 Cal. App. 2d 548, which held that 2,000 acres of timberland comprising a boys' camp during the summer could be commercially logged without loss of the exemption. There was no question but that the profit was used to further the charitable purposes of the boys' club and did not inure to private benefit. In commenting on the change wrought by the Legislature the court commented:

The law then reverted to the status envisioned in the *Sutter Hospital* case where the court had stated, "If subdivision three had been omitted, it might well be argued that the Legislature intended that the nonprofit conditions of subdivision one would be satisfied so long as none of the 'net earnings' inured to the benefit of any private individual" (39 Cal. 2d at page 39). There was no longer any ban on profits resulting from fees charged for charitable activities. . . .

In order to give effect to the purport of the statute as amended in 1953, the charitable entity must be permitted to manage its property as a prudent owner. If incidental to that management it is reasonable to harvest the timber growing on the property, such an operation is compatible with and not hostile to its use for charitable activity.¹⁰

¹⁰ 254 Cal. App. 2d 548 at pages 559 and 560.

Similarly, in *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, the court held that revenues could be received by the Association from ticket sales to professional opera, ballet, musical productions, drama, and comedy without loss of the exemption. Again, there was no question but that the revenues were used to further the charitable purposes of the Association and did not inure to private benefit. Thus, while individual performances showed a surplus of revenues over expenses and an individual year might be profitable, the Association was not organized or operated for profit within the meaning of section 214(1) where there were no net earnings over any long period of time and where the Association could not exist without private contributions and governmental financial assistance. And in *Christ The Good Shepherd Lutheran Church v. Mathiesen*, 81 Cal. App. 3d 355, the court held that rental income in excess of operating expenses in a given year could be received by the Church for property leased to another qualifying religious organization without loss of the exemption where the leasing arrangement was not intentionally profit-making or commercial in nature.

Hospital 10 Percent Provision

Section 214 provides that in the case of hospitals the organization shall not be deemed to be organized or operated for profit, if during the immediate preceding fiscal year the excess of operating revenues, exclusive of gifts, endowments, and grants-in-aid over operating expenses shall not have exceeded a sum equivalent to 10 percent of such operating expenses. Also, it should be noted that hospital operating expenses shall include **depreciation based on cost of replacement** of the depreciable assets and amortization of, and interest on, indebtedness.

Hospital Gift Shops

Under certain conditions, hospital gift shops operated in nonprofit hospitals will be regarded as within the coverage of the welfare exemption because such a shop is incidental to and reasonably necessary to a modern and complete facility. The exemption will apply if:

1. The gift shop is operated by the hospital or a hospital auxiliary on a nonprofit basis with net revenues, if any, being expended for the direct benefit of the hospital.
2. The shop will in no way seek to make sales to other than hospital patients and their visitors or to members of the medical staff or other hospital employees. Compliance with this proscription is best demonstrated by a total lack of advertising, the placement of the shop in the interior of the hospital, and the maintenance of an inventory particularly suited to the needs of the patients and hospital personnel.

Hospital Thrift Shops

This type activity, unlike hospital gift shops, does not come within the purview of the welfare exemption. Thrift shops are not considered as incidental to and reasonably necessary to a modern and complete hospital. Section 214(3) requires that the property for which the exemption is claimed be used for the actual operation of the exempt activity. This actual use requirement is taken from *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729, and *Goodwill Industries v. County of Los Angeles*, 117 Cal. App. 2d 19. In the *Cedars of Lebanon Hospital*

case, the Supreme Court denied the exemption to the portion of the hospital premises which was devoted to a thrift shop, on the basis that it was being used for a commercial (fund raising) rather than a charitable or hospital activity.

Administratively, the State Board of Equalization has found certain thrift stores exempt under the following conditions:

1. The thrift store sells goods which have been processed in some manner by handicapped people who are being rehabilitated through a rehabilitation program conducted by the claimant, or
2. The persons being rehabilitated are employed in the operation of the thrift store, and
3. If there is a management contract, the contract may provide remuneration to the manager on a reasonable percentage of the gross sales provided there is a maximum dollar amount of salary and that amount is reasonable; or the remuneration may be on the basis of a reasonable percentage of the net earnings.
4. The claimant files a Rehabilitation-Living Quarters Affidavit (SBE-ASD AH 267R).

Bingo

This type activity also may or may not come within the purview of the welfare exemption. Section 215.2 authorizes the conduct of certain bingo games on property that otherwise qualifies on the basis of a charitable or religious use and ownership by a qualifying organization, provided the local jurisdiction has adopted a local ordinance. Bingo can only qualify as a secondary activity on the property and that activity must conform to the provisions of section 326.5 of the Penal Code.

In nonauthorizing localities, it will be necessary to evaluate several factors to conclude whether the activity is incidental to a charitable or religious purpose or whether it is individually conducted for fund raising. Three of the most significant variables are (a) the net proceeds as a percentage of the entire cost of the activity, (b) the identity of the participants, and (c) the frequency of the event.

No Part of the Net Earnings Inures to the Benefit of Any Private Person

Both article XIII, section 4(b) and section 214 require that no part of the net earnings of the organization claiming the exemption inures to the benefit of any private shareholder or individual.

This requirement prevents the owner and operator from giving any special privilege, either directly or indirectly, to its members or private individuals. Thus, in *LaSociete Francaise v. California Employment Commission*, 56 Cal. App. 2d 534, cert. denied 320 U.S. 736, an action to recover sums paid under the California Unemployment Insurance Act, where the organization's members were given hospital care at a cost less than that charged nonmembers, the court concluded:

. . . while no profits or dividends are distributed, nevertheless the net earnings of appellant arising from its hospital facilities, and services to “nonmembers” at rates in excess of those generally charged members inure to the benefit of the members in augmented service and privileges which would not be available to them but for the added “outside” sources.¹¹

Operating expenses and salaries must bear a reasonable relationship to the usual cost of the goods or services acquired. While the reasonableness of such payments is a question of fact, section 254.5 requires that the Board use as a basis of comparison the amount paid for services and salaries in comparable public institutions. This standard, of course, should also be used by the counties. The organization claiming the exemption has the burden of proving that the payment was reasonable under all the circumstances.

Net earnings might inure to the benefit of a private person where the payment of the salary of an officer or employee or the income from any securities is contingent upon the amount of net earnings. A part of the net earnings does not inure to the benefit of private shareholders or individuals, however, simply by reason of the payment of interest upon a promissory note or debenture which is in the form of an obligation to pay only out of net earnings, provided the instrument represents a creditor's interest and not an ownership interest (*St. Francis Memorial Hospital v. City and County of San Francisco*, 137 Cal. App. 2d 321).

This requirement must be distinguished from the requirement that the property claimed to be exempt is not used or operated to benefit any private person. We are here concerned with the financial operation of the organization claiming the exemption; the other requirement is concerned with the use of the property and is discussed in the section “Not Used or Operated to Benefit Any Private Person.”

Property Is Irrevocably Dedicated to Exempt Purposes and Will Not Inure to the Benefit of Any Private Person on Dissolution, Liquidation, or Abandonment of Owner

Section 214(6) states that the property must be "irrevocably dedicated to religious, charitable, scientific, or hospital purposes and upon liquidation, dissolution, or abandonment of the owner will not inure to the benefit of any private person except a fund, foundation, or corporation organized and operated for religious, hospital, scientific, or charitable purposes." This requirement is not affected by the diversion through sale of any particular piece or portion of the property to nonexempt uses, provided the proceeds of such sale are irrevocably dedicated to exempt purposes (*Pasadena Hospital Association v. County of Los Angeles*, 35 Cal. 2d 779; 8 Ops. Cal. Atty. Gen. 72). See also *Solheim Lutheran Home v. County of Los Angeles*, 152 Cal. App. 2d 775. The question is one of the authority of the organization with respect to its assets as set forth in the articles of incorporation, constitution, or declaration of trust under which the organization operates. Thus, in the *Pasadena Hospital Association* case, the court refused to

¹¹ 56 Cal. App. 2d 534 at page 543.

allow the exemption where the organization was empowered under its articles of incorporation to use and divert, ultimately, and permanently, its assets to nonexempt uses.

Prior to October 6, 1966, it was not necessary that there be an express declaration irrevocably dedicating the property. In *Pacific Home v. County of Los Angeles*, 41 Cal. 2d 844 and 41 Cal. 2d 855, the organization's articles of incorporation contained no express irrevocable dedication provision, but the articles limited the corporate purposes to the operation of a charitable home. The court held that, when the organization accepted property under such articles of incorporation, the property became impressed with a charitable trust and was, therefore, irrevocably dedicated to the trust purpose. Also, section 214.3 provided that in the event any property was used solely for charitable or hospital purposes for a minimum period of 30 years, the welfare exemption would extend to such property irrespective of any reversionary provisions in the title of the property respecting liquidation, dissolution, or abandonment.

In 1966, section 214.01 was added to the Revenue and Taxation Code to provide that, for the purpose of section 214, property shall be deemed:

. . . irrevocably dedicated to religious, charitable, scientific, or hospital purposes **only** if a statement of irrevocable dedication to **only** these purposes is found in the articles of incorporation of the corporation, or in the case of any other fund or foundation, or corporation chartered by an Act of Congress, in the bylaws, articles of association, constitution, or regulations thereof, as determined by the State Board of Equalization. (Emphasis added.)

In other words, only one or more of the four stated purposes may be used for the irrevocable dedication to be proper.

The California Supreme Court in the *Stockton Civic Theatre* case stated that "charitable purposes embraced educational purposes." Therefore, prior to the enactment of section 214.01, the term "educational" was acceptable. However, since 1966, section 214.01 must be strictly adhered to, and any term other than the four stated purposes must either be deleted or include language limiting its meaning to the purposes qualifying under section 214. For example, a dedication to religious, charitable and educational purposes meeting the requirements of section 214 of the Revenue and Taxation Code would be acceptable. See Exhibit A.

While it may be true that charitable purposes embrace educational purposes, this does not mean that all educational purposes are charitable purposes within the meaning of the welfare exemption. Every human experience in a sense is educational, and, thus, this word does not have as restricted a meaning as the word "charitable." The language of section 214.01 requires a more restricted statement than the word "educational" standing without limitation.

Section 214.01 also states that if the articles of incorporation do not contain the proper statement of irrevocable dedication, the applicant shall have until the next succeeding lien date in which to amend the articles of incorporation and submit a certified copy to the Board. If this is done and the applicant is otherwise qualified, 100 percent exemption is in order. If the articles are amended

after the next succeeding lien date, 85 percent of the exemption is appropriate under the provisions of section 271(b).

Included as Exhibit B is State of California, Franchise Tax Board Form 3500 (10-84) with accompanying instructions (10-84). The form provides an approved sample dedication/dissolution clause.

Income Tax Exemption Limitation

Except as provided in sections 213.7 and 231, the welfare exemption shall not be granted to any organization which is not qualified as an exempt organization under section 23701d of the Revenue and Taxation Code and section 501(c)(3) of the Internal Revenue Code of 1954. As construed by the court in *City of Los Angeles v. County of Los Angeles*, 19 Cal. App. 3d 968, section 214.8 requires an organization to have qualified under both section 23701d and section 501(c)(3). However, this does not necessarily mean that qualification under these two code sections qualifies property for the welfare exemption. The welfare exemption is concerned with the use of property for exempt purposes and tends to be more restrictive than section 501(c)(3) and section 23701d.

PROPERTY AND ITS USE

Degree of Ownership

In order for real or personal property to qualify for the exemption, the claimant must be the owner of the property. Section 261 provides that the interest of the claimant in real property must be of record on the lien date in the office of the recorder of the county in which the real property is located. Failure of the claimant to establish the fact of such recordation constitutes a waiver of the exemption. (But note that property acquired after the lien date may be exempted in whole or in part depending upon date of acquisition as set forth in the section "Remedial Provisions for Late Exemption Claims.") The claimant may be the vendee of the property under a conditional contract of sale, with the vendor having retained title for security purposes only (*Eisley v. Mohan*, 31 Cal. 2d 637; *Sherman v. Quinn*, 31 Cal. 2d 661). Unlike the veterans' exemption, the welfare exemption is not available to a purchaser under an unrecorded contract of sale. However, the fact that the property is encumbered by mortgage liens will not preclude the granting of the exemption.

"Owner of the property" includes one who holds a taxable possessory interest in real property, since possessory interests existing in land or improvements constitute but a part or ingredient of property and since property, as used in section 214, must be deemed to encompass the totality of rights composing property, including possessory interests (*English v. County of Alameda*, 70 Cal. App. 3d 226). Thus, an Association holding a taxable possessory interest in an outdoor theatre in the City of Los Angeles' Griffith Park was eligible for the exemption (*Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768), and an organization operating a nursery school on local school district property was eligible for the exemption (*Tri-Cities Children's Center, Inc. v. Board of Supervisors*, 166 Cal. App. 3d 589). The filing of a copy of the agreement whereby

the claimant is permitted to use nontaxable publicly owned real property with the county assessor satisfies the recordation requirement of section 261.

The leasing of the property either by a welfare exemption claimant or to a welfare exemption claimant can cause problems. In general, if the owner of the property is a qualifying claimant, the property may be leased to another organization to operate without losing its exempt status, provided the lessee also meets the requirements for the welfare exemption and files a claim for it, or provided the lessee is a school district which uses the property on a nonexclusive basis for school purposes of less than collegiate grade. The exemption may also be granted where the owner of the property is a qualifying organization and the property is leased to an exempt governmental entity for the purpose of conducting an activity which if conducted by the owner would qualify the property for exemption, or to a community college, state college, or state university for educational purposes. However, any leasing arrangement should not be intentionally profit making or commercial in nature. If it is, the property would be considered used for profit-generating purposes in the hands of the lessor and therefore ineligible for exemption (*Christ The Good Shepherd Lutheran Church v. Mathiesen*, 81 Cal. App. 3d 355). And section 214.6 specifically provides, as to property leased to an exempt governmental entity or to a community college, a state college, or a state university, that the total income received from the lease may not exceed the ordinary and usual expenses of maintaining and operating the property.

Use of Property

The exemption is allowed only for property ". . . used in the actual operation of the exempt activity." The use of the property for which exemption is claimed is the primary consideration when analyzing the status of an organization claiming exemption once it has been ascertained that the organizational requirements have been met. Even though an organization meets all of the requirements of section 214, to receive the exemption the property for which exemption is sought must be used exclusively for exempt purposes. Any property owned by the organization and not used for exempt purposes is not exempt.

To constitute religious use of the property on which exemption is sought, the *Fellowship of Humanity* case interpretation of what constitutes "religion"¹² is determinative. When real or personal property is used for activities that fall within that interpretation, the exemption should be allowed, but when the use of the property falls outside the interpretation, the exemption should be denied.

One particular problem area is the sale of religious books. When the primary activity is selling books to the general public, such activity is not exempt because while spreading the tenets of a religion may be a portion of the religious purpose, this activity cannot escape being described as a commercial endeavor. When the books are not sold to the general public, but only to persons attending religious services or workshops and are sold only at the times of the services or workshops, the courts have determined the property to be exempt (*St. Germain Foundation v.*

¹² See page 6.

County of Siskiyou, 212 Cal. App. 2d 911). In this situation, if sales are made to the general public the activity may be considered as incidental to the religious purpose so long as the sales to the general public are not a significant portion of the volume. However, as sales to the general public increase, the use becomes disqualifying.

Concerning plays and music presented to the public by entertainers, the question arises as to whether or not such is a charitable use of property. In *Stockton Civic Theatre v. Board of Supervisors*, 66 Cal. 2d 13, the court held that an organization presenting light opera, operetta, musical productions, and plays to the public by an amateur company was making a charitable use of the property. The court reasoned that there were educational benefits to the amateur actor in addition to benefits to the public.

Similarly, *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, held that an organization presenting opera, ballet, musical productions, drama, and comedy to the public by professional performers was making a charitable use of the property where revenues were used to further the charitable purposes of the Association and did not inure to private benefit, where there were no net earnings over any long period of time, and where the Association could not exist without private contributions and governmental financial assistance.

Exclusive Use of Property

The property must be used exclusively for religious, hospital, or charitable purposes and be in such use on the lien date. The exemption would thus be inapplicable to an unused vacant lot and to an unused building or an unused portion of a building. See *First Baptist Church v. County of Los Angeles*, 113 Cal. App. 2d 392, and *Fredericka Home for the Aged v. County of San Diego*, 35 Cal. 2d 789. But, as pointed out earlier, where only a portion of a property qualifies under the welfare exemption, it is proper to apportion the value of the property according to its exempt and nonexempt uses and to allow the exemption in the amount allocated to the exempt use.

Under section 214.1 the exemption applies to facilities in the course of construction on the lien date. Thus, if on the lien date some trenches for the foundation of a building have been dug, the building is considered to be in the course of construction (*National Charity League v. County of Los Angeles*, 164 Cal. App. 2d 241). This includes the land on which the facilities are located as may be required for their convenient use and occupation. Section 214.1 applies to free museum facilities in the course of construction on the lien date, even though the free museum exemption does not apply to buildings under construction, since the free museum exemption and the welfare exemption can overlap under proper circumstances and since property intended to be used as a free museum is intended to be used exclusively for charitable purposes (*J. Paul Getty Museum v. County of Los Angeles*, 148 Cal. App. 3d 600). Section 214.2 provides that, as used in section 214.1, "facilities in the course of construction" include the demolition or razing of a building with the intent to replace it with facilities to be used exclusively for religious, hospital, or charitable purposes.

The requirement of exclusive use does not mean that the exemption necessarily must be denied where another use occurs as an incident to the exempt use. The test employed by the California

Supreme Court is whether the property in question is exclusively used for a facility which is incidental to and reasonably necessary for the accomplishment of the religious, hospital, or charitable purposes of the organization claiming the exemption. In *Cedars of Lebanon Hospital v. County of Los Angeles*, 35 Cal. 2d 729, the court concluded that property devoted to a nurses' training school, housing for hospital interns, resident doctors, student nurses, and certain other essential employees required to be readily available and recreational facilities used primarily by hospital personnel was incidental to and reasonably necessary for the fulfillment of a generally recognized function of a complete modern hospital and, therefore, should be exempt. The court refused, however, to allow the exemption for a "thrift shop" conducted in the hospital where donated clothing was sold and the proceeds of the sales were being used to maintain a children's clinic. This was not regarded as a necessary function of a hospital, but rather as an independent undertaking to raise revenue. It did not matter that the profit was to be used for the accomplishment of exempt purposes.

Similarly, in *Serra Retreat v. County of Los Angeles*, 35 Cal. 2d 755, the court held that the integrated activities of the organization as a whole must be examined, and where, in conducting a religious retreat, it was an institutional necessity that quarters be provided for the priests and lay brothers of the retreat, such quarters are exempt. At the same time, the court recognized that parish houses and rectories probably should be denied the exemption "where the provision of housing for the pastor or minister on church property does not stem from claims of institutional necessity as contrasted with mere considerations of residential convenience."¹³

Whether it is an institutional necessity that quarters be provided to religious personnel, or whether such quarters are provided as a matter of residential convenience and are not used exclusively for religious purposes, is, of course, a question of fact which must be determined based upon the circumstances of each case. Thus, upon consideration of specific instances involving quarters provided to religious personnel, the Board has generally held in the past that conventional residences of ministers, priests, and rabbis are not exempt where they are used for their private residential purposes and not religious purposes exclusively, and that housing owned by a church and occupied by members of the church is not exempt when the members otherwise live conventional nonreligious lives, e.g., full-time students having outside employment.

In *House of Rest v. County of Los Angeles*, 151 Cal. App. 2d 523, the court again applied the test of whether the property's use was incidental to and reasonably necessary for the accomplishment of exempt purposes. Under that test, the exemption was allowed on property used to provide temporary low-cost housing facilities in a residence for missionaries and their families while the missionaries were on furlough or retirement.

The Board has generally held in the past that if the practitioners of a religion seek to follow it in a contemplative manner and in order to do so live withdrawn from the world within the confines of a monastery or convent in a full-time commitment of their lives to religious practices, then the whole of the property is exempt. In such instances, the quarters have been found to be

¹³ 35 Cal. 2d 755 at page 759.

reasonably necessary to the achievement of this particular type of religious activity and to meet the test of being incidental to and reasonably necessary for religious purposes.

In *Young Men's Christian Association v. County of Los Angeles*, 35 Cal. 2d 760, the court decided that rooms rented to the occupants were exempt because this use of the property related to the purpose of the YMCA of promoting the welfare of young men and boys even though a moderate charge was made for such accommodations. Exemption was denied, however, to portions of the property devoted to a restaurant, a barbershop, a valet shop, and a gym store, all of which are open to the public as well as to YMCA members. Also, the exemption was denied to portions of the property used as a restaurant serving meals to the public and offices that were rented to the Selective Service Board. The court held that property not used for a facility which is incidental to and reasonably necessary for the accomplishment of an organization's religious or charitable purposes is taxable. See also *Sarah Dix Hamlin School v. City and County of San Francisco*, 221 Cal. App. 2d 336.

In *San Francisco Boys' Club, Inc. v. County of Mendocino*, 254 Cal. App. 2d 548, the court upheld the trial court's finding that property used for roads, trails, and overnight campsites, even though not a part of the main campground, was used in the actual operation of a charitable boys' camp. Also, the club's decision to log excess timber from a portion of the property was consistent with prudent management of the land and did not operate to destroy the exemption even as to the portion logged.

In *Christward Ministry v. County of San Diego*, 271 Cal. App. 2d 805, the court held that use in the actual operation of the exempt activity required by section 214(3) is not limited to actual physical use. Actual nonphysical use of a religious retreat includes the passive use of nearby areas surrounding trails where retreatants could meditate and use of the remote hilltops for a buffer zone to protect retreatments from the distractions of the outside world.

In *English v. County of Alameda*, 70 Cal. App. 3d 226, where properties of hospitals and of charitable organizations providing housing to elderly persons were receiving the exemption, the court concluded that as a matter of statutory construction and public policy, occupancies or other property uses by hospital administrators, doctors, and nurses and by elderly persons did not constitute taxable possessory interests since such occupancies and uses were incidental to and reasonably necessary for the accomplishment of the charitable purposes upon which the exempt status of the properties were predicated.

In *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, the court concluded that a bar maintained within a theatre and open only to persons admitted to performances was reasonably necessary for the fulfillment of a generally recognized function of a complete modern theatre and, therefore, should be exempt. The court concluded also that any professional advantage to performers and performing companies through the use of theatres did not compel the conclusion that the properties were not used for charitable purposes since property utilized to present professional entertainment is deemed used for a charitable purpose.

In *Christ The Good Shepherd Lutheran Church v. Mathiesen*, 81 Cal. App. 3d 355, the court held that property owned by the Church, leased to another qualifying religious organization, and used exclusively for exempt purposes was eligible for the exemption, even though rental income may have exceeded operating expenses in a given year, where the leasing arrangement was not intentionally profit-making or commercial in nature. Per the court, any surplus of rental income above the cost of renting the property was unintended and not material in amount.

In *Peninsula Covenant Church v. County of San Mateo*, 94 Cal. App. 3d 382, the court held that the Church's community center building, used primarily for church meetings and activities, a church office, and a small bookstore serving Church members, was eligible for the exemption, even though some nonchurch members occasionally used the building with the Church's permission. The court stated that the exclusive use requirement of section 214 does not foreclose some additional or complementary use of property on the part of certain authorized private individuals. Exemption was denied, however, to locker rooms and sauna areas in the building and to adjacent tennis courts and a swimming pool, all of which were used both by Church members and by nonchurch members, who paid membership fees in order to do so and had priority use of these facilities. The court concluded that exclusive use means that property must be used primarily for exempt purposes, and that since the nonchurch members were the primary users of these facilities, such was not the case in this instance. The court concluded also that the primary use of these facilities was recreational, not evangelistic or charitable; that since the facilities were operated in such a way that they were comparable to a commercial activity, they were not eligible for the exemption simply because they were owned and operated by the Church; and that the nonchurch members together did not constitute a charitable organization such that they could be a qualifying operator of the facilities.

In *Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221, the court held that a substantial portion of Santa Catalina Island was used exclusively for charitable purposes where it was preserved as open-space land for recreational and ecological purposes, even though revenue was derived from motor tours and from a hunting program conducted by independent contractors on the property. The motor tours were reasonably necessary and incidental to the instructive, preservational, and recreational purposes of the Conservancy since they provided an opportunity for many persons to see and enjoy the property which otherwise might not be accessible to them; and the hunting program, in addition to its recreational value, was a game management tool directed at the threat to plant and animal life posed by actual and potential overgrazing. Such being the case, and because this was not an instance in which activities not reasonably necessary to charitable purposes were placed in commercial competition with public businesses, the fact that revenue was derived from these activities was not determinative.

The exemption requirement of "exclusive use" is required by a number of other exemptions as well. A court's interpretation of the terms in the case of one exemption applies to other exemptions by way of analogy. One recent case involving the public school exemption defined the term rather restrictively. In *Honeywell Information Systems, Inc. v. County of Sonoma*, 44

Cal. App. 3d 23, the court denied the public school exemption to a computer leased to a public school when it was shown that the public school subleased it 3 percent of the time to nonexempt entities. The court stated that while the term "exclusive use" has been interpreted to mean not only primary but also certain types of incidental use as well ". . . such incidental use must be directly connected with, essential to, and in furtherance of the primary use. . . ." ¹⁴ Use by business entities on a regular basis for purposes unrelated to public schools destroyed the exemption even though the use was but a small percentage of the total time.

Not Used or Operated to Benefit Any Private Person

The property cannot be used or operated to benefit any private person through the distribution of profits, payment of excessive charges or compensation, or the more advantageous pursuit of his business or profession. This requirement is similar to the one that no part of the net earnings of the owner and operator may inure to the benefit of any private person discussed in the section "No Part of the Net Earnings Inures to the Benefit of Any Private Person." It is to be distinguished, however, in that we are here concerned with the operation of the property itself rather than with the earnings resulting from the operation of the organization claiming the exemption. Thus, although the organization has no net earnings, the exemption must be denied if the property claimed to be exempt is used or operated to the advantage, pecuniary or otherwise, of a private person.

In *Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768, the court held that preferential seating provided to patrons of the Association and complementary tickets given to local governmental officials and Association employees did not constitute payment of excessive charges or compensation. Preferential seating could not be construed as compensation where full prices had been paid for tickets, and the furnishing of complementary tickets to such officials was directly related to the receipt of government support, not for the purpose of compensation. And the furnishing of complementary tickets to Association employees was not excessive compensation in this instance, and it is only excessive compensation which precludes the exemption. The court held further that while performers using the Association's theatres received professional advantages, they received no more compensation or publicity than that which they usually received, and it is only the providing of a **more** advantageous opportunity which precludes the exemption. In *Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221, the court held that independent contractors conducting motor tours and a hunting program on the Conservancy's property were not benefiting through the more advantageous pursuit of their business or profession where the motor tour contractor was, upon the Conservancy's acquisition of the property, obligated to pay road use fees and a portion of its tour revenues for the privilege of conducting the tours, and where the hunting program contractor's revenue had steadily declined after the Conservancy had acquired the property. The court stated that the advantageous or profitable pursuit of one's business is not what is prohibited; rather it is only the **more** advantageous pursuit.

¹⁴ 44 Cal. App. 3d 23 at page 28.

In addition, the operating costs of the property must bear a reasonable relationship to the operating costs of similar property used by comparable public institutions. If charges are made to defray the costs of operation, no special privilege can be given any officer, employee, or member of the institution or any other private person. And if the property happens to have been operated at a net profit, such profit must be devoted to the exempt purposes of the institution (23 Ops. Cal. Atty. Gen. 136). See also *Sutter Hospital v. City of Sacramento*, 39 Cal. 2d 33, and *St. Francis Memorial Hospital v. City and County of San Francisco*, 137 Cal. App. 2d 321.

Use of Hospital Property by Licensed Physicians

A different standard applies to hospitals and physicians practicing therein. Section 214.7 provides that, in the case of a hospital, neither the use of hospital property nor the receipt of fees or other lawful compensation by licensed physicians for the practice of their profession therein shall be grounds for denial of the exemption.

Accordingly, if hospital property otherwise qualifies for exemption, the fact that a physician incidentally uses the premises for the treatment of his private patients would not be grounds for denying the exemption. As mentioned previously, however, such portions of a hospital as may be leased or rented to physicians for their offices for the general practice of medicine do not meet the requirements for the exemption.

Property Specifically Exempted

Section 214 describes generally the type of property to be exempted, namely that devoted to religious, hospital, scientific, or charitable purposes. It also specifies types of property to be exempted, namely:

1. Museum or library
2. Schools of less than collegiate grade
3. Nursery schools
4. Noncommercial educational FM broadcast stations or educational television stations
5. Housing and related facilities for low and moderate-income elderly or handicapped families that are financed by, including, but not limited to, the federal government pursuant to section 202 of Public Law 86-372 (12 U.S.C. 1701q) as amended, section 231 of Public Law 73-479 (12 U.S.C. 1715v), or section 236 of Public Law 90-448 (12 U.S.C. 1715z)

In addition, other sections specify types of property that are exempt:

1. Volunteer fire department, section 213.7
2. Property leased to exempt governmental entity, section 214.6
3. Hospital outpatient clinic, section 214.9

4. Property of nonprofit organizations used to meet the needs of qualifying hospitals, section 214.11
5. Property under development (Community Redevelopment Law) dedicated to qualifying purposes in the redevelopment plan and to be conveyed to exempt governmental entity or to qualifying nonprofit organization, section 214.13
6. Zoological society property including possessory interests thereof, sections 222 and 222.5
7. Property leased to Government, section 231

In 1971, section 214.02 was added to the Revenue and Taxation Code to provide that "property used exclusively for the preservation of native plants or animals, or biotic communities, or geological or geographical formations of scientific or educational interest, or open-space lands used solely for recreation and for the enjoyment of scenic beauty. . . open to the general public. . . and operated by a scientific or charitable fund . . . the primary interest of which is to preserve such natural areas" is deemed to be within the welfare exemption.

In *Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221, the court held that 42,000 of the Island's acres used for preservation of a unique, partially wild, environment containing exceptional geological features and many varieties of rare endemic and native plant and animal species were within the purview of section 214.02 and hence, eligible for the exemption. In so doing, the court rejected contentions that section 214.02 was not intended to apply to large land holdings of that kind and that some of the property was not being used but was being held for future use. Thereafter, in 1982, section 214.02 was amended to provide that "the exemption . . . shall not apply to any property of an organization which owns in the aggregate 30,000 acres or more in one county which were exempt under this section prior to March 1, 1983, or which is proposed to be exempt, unless the nonprofit organization which holds the property is constituted in such a way as to be fully independent of the owner of any taxable real property which is adjacent to the property otherwise qualifying for tax exemption under this section" and that "the exemption provided by this section shall not apply to property which is reserved for future development."

In passing, it is noted that Statutes of 1973, Chapter 247, added to the general law of the state the exemption under the welfare exemption of property operated for hospital purposes and leased to the Navy. The exemption is conditioned on additional factors as set forth in the statute, but which are not repeated here because of the extremely limited application of this exemption.

Certain Uses Exempt or Not Exempt

Property used for fraternal, lodge, or social club purposes is specifically declared to be taxable except where such use is clearly incidental to religious, hospital, or charitable purposes. Occasional social activities incidental to theatre performances are incidental to an organization's primary charitable purpose (*Greek Theatre Association v. County of Los Angeles*, 76 Cal. App. 3d 768). A hunting program open to the public on a "first come" or "by lot" basis is incidental to an organization's charitable purpose, and the program is clearly incidental to a primary charitable

purpose of the Conservancy and hence, not within the provisions of section 214(5) (*Santa Catalina Island Conservancy v. County of Los Angeles*, 126 Cal. App. 3d 221).

Section 214 provides that the welfare exemption is in addition to any other exemption, and that the existence of the free museum exemption and free public library exemption does not preclude exemption of museum property or library property thereunder. Thus, a museum or library not exempt under section 202(a)(2) might qualify for exemption under section 214 (*J. Paul Getty Museum v. County of Los Angeles*, 148 Cal. App. 3d 600). Section 214 further provides that the welfare exemption shall not be construed to enlarge the college exemption. Thus, a college not exempt under section 203 could not qualify for exemption under section 214. Section 214.5, however, provides that property used exclusively for purposes of a school that is both of and less than collegiate grade shall be deemed to be within the exemption.

PROPERTY USED EXCLUSIVELY FOR SCIENTIFIC PURPOSES

CONSTITUTIONAL RESTRICTION ON EXEMPTION OF REAL PROPERTY

As heretofore indicated,¹⁵ article XIII, section 4(b) limits the granting of the welfare exemption for real property used exclusively for scientific purposes; only to the extent that a scientific organization complies with the requirements for the exemption of a charitable organization in general can real property be exempt.

ADDITIONAL REQUIREMENTS

Real property claimed to be exempt must meet the requirements of section 214(1) through (6). Where the exemption is claimed for the personal property of a scientific institution, however, no showing need be made that it is used for religious, hospital, or charitable purposes. It is sufficient that the property is used exclusively for scientific purposes.

Both real and personal property of a scientific institution, moreover, must meet the following additional requirements to qualify for the exemption.

Congressional Charter

The foundation or institution claiming the exemption must be chartered by the Congress of the United States, except that this requirement shall not apply when the scientific purposes are medical research.

Scientific Objectives for Public Benefit

The objectives of the foundation or institution must be the encouragement or conduct of scientific investigation, research and discovery for the benefit of the community at large. An institution conducting scientific investigation, research and discovery for the benefit of private individuals or firms cannot qualify.

¹⁵ See page 4.

CHAPTER 3: PROCEDURE

PROCEDURE FOR HANDLING THE WELFARE EXEMPTION

1. County assessor supplies claimants with claim forms (Exhibit C). The assessor provides on or before March 1 annually three complete claim forms for use by the recipient.
2. Claimant files completed claim forms in duplicate; the county assessor dates the receipt of the claim.
3. County assessor makes inspection of property and prepares an assessor's field inspection report.
4. County assessor forwards to Board one copy of completed claim form including the county assessor's field inspection report (Exhibit D).
5. Board reviews claim and makes finding.
6. Board sends welfare exemption finding sheet to county assessor in duplicate (Exhibit E) and copy to claimant.
7. County assessor reports only where denied the exemption the total assessed value of property and value of that exempted to the Board. The report is made on the duplicate copy of the finding sheet and must include the total assessed value of the property and the exemption (welfare) or exemptions (welfare, church, religious) allowed.

LISTING ON THE ROLL

Property receiving the welfare exemption is listed on the assessment roll in the same manner as other property; the assessed values of land, improvements, and personal property are listed in their respective columns. The amount of exemption is entered in the exemption column.

INSTRUCTIONS FOR PREPARING AND FILING CLAIM FOR EXEMPTION

FILING OF CLAIM

Claims for the welfare exemption must be executed and filed in duplicate with the county assessor. Claimants must file annually by March 15. If a single property is owned by one qualified organization and operated by another, then both must file in order for the property to receive exemption.

The county assessor will supply claim forms in triplicate with additional sets of Section B for each claim containing more than one property. A copy of the claim should be retained by the organization. It is recommended that the claimant's copy be submitted to the county assessor for acknowledgment of filing by entry of the date and the county assessor's or the deputy's signature

at the place provided. This serves as a record of the fact and time of filing should any question arise as to if or when the claim was filed.

TIME FOR FILING

Section 255 specifies that the affidavit for exemption shall be filed with the county assessor between March 1 and 5 p.m. on March 15. Section 260 provides that if a person fails to follow the required procedure, the exemption is waived by such person, but this is subject to relief provisions of sections 270 and 271, which authorize late filing and give either 90 percent or 85 percent relief. These provisions and a chart showing their application are set forth in the section "Remedial Provisions for Late Exemption Claims."

Section 255 was amended in 1983, effective January 1, 1984, and it provides that any claimant who has been found ineligible for the church exemption or the religious exemption after timely filing (March 31) an affidavit therefore may file an affidavit for a welfare exemption. Affidavits for the welfare exemption must be filed within 15 days from the date of notification by the assessor of the claimant's ineligibility for the church or the religious exemption.

The procedure for obtaining correction of the roll, cancellation, or refund, where provided for in the above sections, is now specified in section 272. This section provides that if the county assessor receives the finding of the Board prior to completion of the roll, the property should be enrolled to provide for the amount of the exemption; if received after completion of the roll, action should be initiated for either a cancellation under section 4986 or a refund under section 5096.

PREPARATION OF THE CLAIM

Section A - Information on the Organization

The State Constitution and statutes require, **first**, that the owner, and also the operator if other than the owner, meet certain organization requirements and, **secondly**, that the operation of each property meet certain use requirements. In responding to the questions set forth under section A of the claim, the claimant should consider the details and activities of the organization and not the details of any property owned or operated by the organization.

In attaching the financial statements of the organization to section A, the complete operating statement and balance sheet of the organization should be included. If the nature of any item of income or disbursement is not clear from the account name, further explanation indicating the nature of the account should be appended. In cases of organizations audited by independent accountants, the financial statements must show their certification as required by section 254.5.

An incorporated organization filing for the first time must in addition file two certified copies of the articles of incorporation. If not incorporated, the organization must file two copies of its bylaws, articles of association, constitution, or regulations, together with all amendments and revisions thereto. After the first filing, only subsequent amendments or revisions to the articles or comparable organic instrument need be submitted with successive claims. The initial filing must contain evidence of income tax exemption in the form of a letter from both the Franchise Tax

Board under section 23701d of the Revenue and Taxation Code and the Internal Revenue Service under section 501(c)(3) of the Internal Revenue Code of 1954 in order to comply with section 214.8.

Section B - Information on the Property

Section B is for submitting the necessary information relative to each property for which an exemption is sought. Separate section B's must be completed and filed for each property for which an exemption is claimed, and the information furnished must be restricted to the particular property. All parts of this section must be completed; if any part does not apply, it should be designated "not applicable."

The operating statement under section B should be restricted to the financial transactions relating to the operation of the subject property. The income should include only those receipts that result from the operation of the property and should not include receipts from invested funds, gifts, or other items that do not result directly from the operation of the property. The expenditures should be the expenditures incurred as a result of the operation of the property. Any expenses of the organization or expenses extraneous to the parcel of the property should not be included in section B. If compensation of personnel or other administrative expenses is prorated to the property, such proration should be indicated.

ADDITIONAL INFORMATION

The owner and operator must furnish additional information to the assessor upon request. This information is subject to audit by the State Board of Equalization. The State Board of Equalization may request additional information from the owner and operator and may institute an independent audit or verification of the operations of the owner and operator.

RECORDATION REQUIREMENT

As a prerequisite to the allowance of the welfare exemption with respect to taxes on real property, section 261 of the Revenue and Taxation Code requires the interest of the organization seeking the exemption of the property to be of record on the lien date in the office of the recorder of the county in which the property is located. Failure to establish recordation constitutes a waiver of the exemption. Property acquired after the lien date may be exempted in whole or in part depending upon date of acquisition as set forth in the section "Remedial Provisions for Late Exemption Claims."

Section 261 was amended in 1984, effective January 1, 1985, and provides that a claimant for the welfare exemption which on the lien date has a possessory interest in publicly owned land or owns improvements on land owned by another may in lieu of the recordation of the interest in the property file a copy of the document giving rise to the possessory interest or file a written statement attesting to the separate ownership of the improvements with the assessor. The document copy or written statement shall not be required annually following the year in which it has been filed but shall remain in effect until such time as the possessory interest terminates or ownership of the improvements transfers.

COMPLETION OF THE ASSESSOR'S FIELD INSPECTION REPORT

It is imperative that the county assessor complete the Assessor's Field Inspection Report (Form AH 267F) with care. The assessor, in effect, is verifying the facts stated in the claim. The Board, when processing the claim, places considerable reliance on the report; only during county surveys and when required because of differences of opinion between the claimant and the assessor, will a member of the Board's staff actually view the property.

The county assessor should view the property once a year to determine that it is actually in use; this view should be timed to coincide as closely as possible with the lien date. However, it is understandable that summer camps located in high mountainous country would be viewed during the prior summer rather than on the lien date when the camp may be closed because of snow.

Subdivision A - Claimant

The county assessor should check the appropriate space according to his understanding of the primary purpose of the organization. The answer here concerns the organization of the claimant and not the use of the property. A consideration of the purposes shown in the articles of incorporation, the constitution, trust instrument, or other organic document evidencing the nature of the organization should assist him in making this determination.

Subdivision B - Use of the Property

The county assessor should:

1. Check the appropriate space based on the primary use of the property; the answer to this part of the report is of major importance to the Board's staff in processing the claim.
2. List other activities the property is used for and carefully explain commercial types of activities.

Subdivision C - Operation of Property for Benefit of Persons

The county assessor is called on to answer each of the three parts either yes or no. He should explain a yes answer in sufficient detail so that the Board's staff is able to take a position. The Board may request the claimant to provide additional information.

Subdivision D - Ownership of Property

Unless the ownership of the property as of the lien date for which the claim is made is recorded in the exact name of the claimant, the county assessor should provide the name of the recorded owner.

Subdivision E - Supplemental Assessment

The questions should be carefully and completely answered. The dates entered must be accurate. In the case of new construction, the applicable Section B should explain in detail what was torn

down, if anything, and what was added; and the use of the property should be explained in sufficient detail so that the Board's staff is able to determine whether the use of all or a portion of the property meets the requirements.

Subdivision F - Prior Filings

A county assessor's Field Inspection Report needs to be completed for each property for which a claim is filed. The county assessor should designate as a new property any property claimed as exempt by a particular claimant for the first time, even though the claimant has filed on other properties in previous years. Observance of this procedure is of considerable importance for the reviewers on the Board's staff.

Subdivision G - Recommendation

The entry should be in sufficient detail that it will be supported by Subdivisions A, B, C, D, E, and F preceding it. In the case of a recommendation for a partial denial, the facts must be clearly stated. The assessor should attach additional data, as necessary, to support his reason for denial.

REMEDIAL PROVISIONS FOR LATE EXEMPTION CLAIMS

Section 270 provides that where a timely application for exemption is not filed:

1. Ninety percent of any tax, penalty, or interest shall be canceled or refunded if the application is filed on or before the lien date of the next calendar year.
2. Eighty-five percent of any tax, penalty, or interest shall be canceled or refunded if the application is not filed until after the lien date of the next calendar year.

Regardless of when the application is filed, the maximum total amount of tax, penalty, or interest on the total property exempt in a county shall be \$250. Any excess shall be canceled or refunded.

Section 271 provides that:

1. When an application is filed on or before the lien date of the calendar year after the calendar year in which the property is acquired, any tax, penalty, or interest shall be canceled or refunded where:
 - Imposed on property owned by a qualified organization which is acquired during the calendar year after the lien date but prior to the first day of the fiscal year. (Organization in existence on lien date and property acquired after lien date but before new fiscal year.)
 - Imposed on property which would have qualified had the organization been in existence on the lien date but which was acquired during the calendar year between the lien date and beginning of the new fiscal year. (Organization not in existence on the lien date and property acquired after lien date but before new fiscal year.)

2. Eighty-five percent of any tax, penalty, or interest imposed on property which would have been entitled to relief under paragraph (1) above or section 214.01 except for the fact that the application was not filed until after the lien date of the calendar year after the calendar year in which the property was acquired shall be canceled or refunded. Should the remaining tax, penalty, or interest imposed on property entitled to relief exceed \$250 in total amount, such excess shall be canceled or refunded. With respect to property acquired after the beginning of the fiscal year, the proration provisions in section 271 apply.
3. Property acquired during a fiscal year that would have qualified had it been acquired prior to the lien date is eligible for exemption prorated by the number of days in the fiscal year that the property qualified for exemption bears to 365.

Applicant shall have until the next succeeding lien date in which to amend the articles of incorporation. See page 15 regarding irrevocable dedication and dissolution clause.

The claim is not acceptable until both tax letters are in. See page 17.

Following is a chart showing the application of the above provisions.

<u>Situation</u>	<u>Claimant's Remedial Action</u>	<u>Effect of Claimant's Remedial Action</u>	<u>Reference</u>
1 Late filing—application for exemption not timely filed but filed before next lien date.	File application on or before next lien date.	90% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest payable exceed \$250.	R&T Code § 270 (a)(1) and 270 (b)
2 Late filing—application for exemption not timely filed and not filed by next lien date.	File application after next lien date.	85% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest payable exceed \$250.	R&T Code § 270 (a)(2) and 270(b)
3 Property acquired after lien date and before July 1 by an otherwise qualified organization in existence on the lien date.	File application on or before next lien date.	Any tax, penalty, or interest shall be canceled or refunded.	R&T Code § 271 (a)(1)
4 Property acquired after lien date and before July 1 by an otherwise qualified organization not in existence on lien date.	File application on or before next lien date.	Any tax, penalty, or interest shall be canceled or refunded.	R&T Code § 271 (a)(2)
5 Property acquired on or after July 1 regardless of whether the organization was or was not in existence on lien date.	File application on or before next lien date.	Any tax, penalty, or interest shall be canceled or refunded in the proportion that the number of days which the property was so qualified during the fiscal year bears to 365.	R&T Code § 271 (a)(3)
6 Property acquired after lien date and before July 1 by an otherwise qualified organization in existence on the lien date but application is not filed on or before next lien date.	File application after next lien date.	85% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest exceed \$250.	R&T Code § 271 (b)(c)

<u>Situation</u>	<u>Claimant's Remedial Action</u>	<u>Effect of Claimant's Remedial Action</u>	<u>Reference</u>
7 Property acquired after lien date and before July 1 by an otherwise qualified organization not in existence on the lien date but application not filed on or before next lien date.	File application after next lien date.	85% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest exceed \$250.	R&T Code § 271 (b)(c)
8 Property acquired after July 1 regardless of whether the organization was or was not in existence on the lien date but application was not filed on or before the next lien date.	File application after next lien date.	85% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest attributable to that period of the fiscal year during which the property was qualified for exemption exceed \$250.	R&T Code § 271 (b)(c)(d)
9 Organization otherwise entitled to relief under § 214.01 except for failure to amend and file certified articles of incorporation before the next lien date.	File application after next lien date.	85% of any tax, penalty, or interest shall be canceled or refunded. In no event shall the maximum total tax, penalty, or interest exceed \$250.	R&T Code § 271 (b)(c)

NOTE: The amount of tax, penalty, or interest which is not canceled or refunded by these provisions may be paid in installments as provided in Chapter 3 (commencing with section 4186) of Part 7 of Division 1.

CHAPTER 4: EXHIBITS

- A. GUIDELINES FOR DEDICATION—DISSOLUTION CLAUSE**
- B. FRANCHISE TAX BOARD FORM 3500 (INSTRUCTIONS 10-84, FORM 10-84)**
- C. CLAIM FOR WELFARE EXEMPTION (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 267, REVISED 10-12-84)**
- D. WELFARE EXEMPTION ASSESSOR'S FIELD INSPECTION REPORT (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 267F, REVISED 10-12-84)**
- E. CLAIM FOR VETERANS' ORGANIZATION EXEMPTION (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 269, REVISED 10-12-84)**
- F. VETERANS' ORGANIZATION EXEMPTION ASSESSOR'S FIELD INSPECTION REPORT (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 269F, REVISED 10-12-84)**
- G. WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 267G, REV. 5 11-84)**
- H. WELFARE EXEMPTION, SUPPLEMENTAL AFFIDAVIT, REHABILITATION-LIVING QUARTERS (YEARLY FILING) (STATE BOARD OF EQUALIZATION FORM SBE-ASD AH 267R, REVISED 10-1-81)**
- I. WELFARE EXEMPTION, SUPPLEMENTAL AFFIDAVIT, HOUSING-ELDERLY OR HANDICAPPED FAMILIES, SBE-ASD AH 267H, INCOME 2-6-85**

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STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
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 Controller, Sacramento

DOUGLAS D. BELL
 Executive Secretary

GUIDELINES FOR DEDICATED-DISSOLUTION CLAUSE

Dear Sir/Madam:

Section 214 of the Revenue and Taxation Code provides, in part, that property used exclusively for religious, hospital, scientific, or charitable purposes owned and operated by community chests, funds, foundations, or corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation if:

"(6) The property is irrevocably dedicated to religious, charitable, scientific, or hospital purposes and upon the liquidation, dissolution or abandonment of the owner will not inure to the benefit of any private person except a fund, foundation, or corporation organized and operated for religious, hospital, scientific, or charitable purposes."

As to when property is "irrevocably dedicated" to such a purpose or purposes, Section 214.01 provides that for the purpose of Section 214, property shall be deemed irrevocably dedicated to religious, charitable, scientific or hospital purposes only if a statement of irrevocable dedication to only these purposes is found in the articles of incorporation of the corporation, or in the case of any other fund or foundation, in the bylaws, articles of association, constitution, or regulations thereof. Thus, if an organization is formed for religious and/or hospital and/or scientific and/or charitable purposes and the purpose or purposes is found in the organization's statement of irrevocable dedication, the statement will meet the requirements of Sections 214(6) and 214.01.

In addition, some educational organizations, for example, schools of less than collegiate grade, may be entitled to the welfare exemption as educational organizations which are charitable. Thus, if "educational" purposes as well as charitable purposes are indicated in the statement of irrevocable dedication, a limitation must be added thereto so that the statement will meet the requirements of Sections 214(6) and 214.01:

". . . charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the Revenue and Taxation Code."

As you will note, Section 214(6) also requires that upon the dissolution of the owner, the property will not inure to the benefit of any private person except a fund, foundation, or corporation organized and operated for religious, hospital, scientific, or charitable purposes. Thus, if, upon dissolution, a corporation's property is to be distributed to an organization organized and operated exclusively for religious and/or hospital and/or scientific and/or charitable purposes, the dissolution clause will meet the requirements of Section 214(6). But similarly, if the property is to be distributed to an organization organized

and operated in whole or in part for charitable and educational purposes, a limitation of the type previously referred to must be added thereto so that the dissolution clause will meet these requirements.

The following sample articles of incorporation would meet the requirements of Sections 214(6) and 214.01:

"The property of this corporation is irrevocably dedicated to (insert (i) or (ii) or other specific purpose or purposes, as applicable)

(i) religious or charitable purposes (or)
(ii) charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the Revenue and Taxation Code

and no part of the net income or assets of this organization shall inure to the benefit of any private persons. Upon the dissolution or winding up of the corporation its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for (insert (i) or (ii) or other specific purpose or purposes, as applicable)

(i) religious or charitable purposes (or)
(ii) charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the Revenue and Taxation Code

and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code."

If you are filing for the current fiscal year only and, in the case of an incorporated organization, your articles are amended and a copy of the amendment certified by the Secretary of State is filed with this office before March 1 next year, that portion of your property eligible for exemption will be 100 percent exempt. In the case of any noncorporate fund or foundation, if the bylaws, articles of association, constitution, or regulations are amended and a copy of the amendment (certification by the Secretary of State not required) is filed with this office by March 1 next year, that portion of your property eligible for exemption will be 100 percent exempt.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AF 03-2686A

SBE-ASD AH 267 DEDICATION DISSOLUTION CLAUSE 8-1-85

Instructions for Form 3500

Exemption Application

References in these instructions are to the Internal Revenue Code (IRC) and to the California Revenue and Taxation Code (R&TC)

General Instructions

A Introduction.

All corporations, unincorporated associations, even though organized on a nonprofit basis, are subject to California franchise tax or corporation income tax.

To be exempt from tax, an organization must file an application for tax exemption and be granted exempt status by the Franchise Tax Board.

An unincorporated association that has exempt status and subsequently incorporates, must reapply for tax exemption as a corporation.

The fact that an organization is exempt from federal income tax does not make it exempt from California tax. It must also apply for tax exemption from California tax.

Note: Trusts organized and operated for purposes under R&TC Section 23701d are treated as a nonprofit organization for exempt purposes.

B Specific Purposes.

The organization must be organized and operated for purposes within ONE of the Sections covered by R&TC

Sections 23701a through 23701t to be entitled to tax exemption.

C Retroactivity.

Exempt status may be granted retroactively to periods in which the organization substantiates that it was ORGANIZED and OPERATED for exempt purposes.

D Group Exemption Application.

A parent organization desiring group exemption for its California Unincorporated subordinates must first establish its own exempt status.

A separate application then must be filed for a group exemption with a cover letter showing that the subordinates are affiliated and are subject to the parent's general supervision and control.

The parent must also furnish the following:

- A sample copy of uniform charter;
- An affirmation that the subordinates are operating in accordance with their stated purposes;
- A statement that the subordinates have furnished written authorization to

be included with group exemption application; and

- A list of California subordinates, their organization number and current address.

E Exception.

A political organization meeting the requirements of R&TC Section 23701r is not required to file an application for tax exemption with the Franchise Tax Board. However, a political organization desiring to incorporate, or have previously incorporated and wants to avoid the prepayment or the minimum tax provision must contact the Franchise Tax Board and obtain a Certificate of Exemption.

F Application Fee.

\$25.00 payable to the Franchise Tax Board.

G When to File.

The application should be submitted at least 60 days before exemption is desired in order to allow adequate processing time.

Specific Instructions

1 Comparable State and Federal Code Sections

R&TC	IRC	Purpose
23701a	501(c)(5)	Labor, Agricultural or Horticultural
23701b	501(c)(8)	Fraternal Beneficiary Societies
23701c	501(c)(13)	Cemeteries, Crematoriums
23701d	501(c)(3)	Religious, Charitable, Scientific, Literary, or Educational
23701e	501(c)(6)	Business Leagues, Chamber of Commerce, etc.
23701f	501(c)(4)	Civic Leagues or Social Welfare and Local Association
of		Employees
R&TC	IRC	Purpose

23701f	501(c)(19)	War Veterans Organizations
23701g	501(c)(7)	Social Clubs
23701h	501(c)(2)	Title Holding Corporations
23701i	501(c)(9)	Voluntary Empl. Beneficiary Associations
23701j	501(c)(11)	Teachers' Fund Retirement
23701k	501(d)	Apostolic Organizations
23701l	501(c)(10)	Fraternal Societies
23701m	None	Diversified Management Cos.
23701n	501(c)(17)	Supplemental Unemployment Compensation Trusts
23701q	501(c)(20)	Group Legal Services Plan
23701t	528	Homeowners' Associations

2 Federal Exemption.

Because state and federal laws are generally the same in this area, it is recommended that you secure Federal application forms and develop the material for both the state and federal application forms at the same time.

You should secure a copy of the Internal Revenue Publication 557 – "Tax Exempt Status for Your Organization."

If federal exemption has already been secured, a copy of the Federal determination letter should be furnished.

Trusts must submit a copy of the federal determination letter before state exemption will be granted.

If the trust has not applied for a federal exemption, it should do so. A statement that the Federal application has been submitted should be attached to Form 3500.

The state application will be held initially for six months pending receipt of a copy of the federal determination letter.

3 Explanation of Line Items.

Item 1. List the exact name as shown in your creating document (i.e. articles of incorporation, articles of association, constitution, or declaration of trust). Items 8 and 9. You must respond to the questions and furnish the required documents. Failure to do so may delay the processing of the application and/or result in denial of the tax exemption.

Items 10 to 22. You must complete one of the appropriate items (10 through 22) referring to one of the sections covered by R&TC Sections 23701a through 23701t under which exemption is requested.

4 How and Where to File

A. If you are organized as an unincorporated association or a trust, mail directly to the Franchise Tax Board, Exempt Organization, Sacramento, CA 95857-0026, the following:

- signed Exempt Application (original only);
- one copy of the proposed bylaws and/or constitution, articles of association or trust instrument;
- all of the required information and supporting documents; and
- \$25.00 application fee, payable to Franchise Tax Board.

5 Incorporating in California

If you are in the process of incorporating in California (domestic corporation), there are two methods of processing the proposed articles of incorporation with the Office of the Secretary of State:

- Immediate incorporation, or
- Delayed incorporation.

A. Immediate Incorporation.

1. To incorporate at once, you should mail directly to the Office of the Secretary of State, 1230 J Street, Sacramento, CA 95814-2974, the following:

- original plus four copies of the proposed article of incorporation; and
- a check payable to the Secretary of State for the minimum franchise tax (\$200) plus the appropriate Secretary of State's fees for filing the articles of incorporation.
- Do not send the Exemption Application.

2. If the proposed articles satisfy the requirements of the California nonprofit corporation law, the Secretary of State will return the endorsed copies of the articles of incorporation.

After you receive the endorsed articles of

incorporation, you should mail directly to the Franchise Tax Board, Exempt Organization, Sacramento, California 95857-0026, the following:

- signed Exemption Application (original only);
- \$25.00 application fee, payable to the Franchise Tax Board;
- a copy of the endorsed articles of incorporation (do not mail the originals);
- one copy of the proposed bylaws; and
- all the required information and supporting documents.

If the endorsed articles of incorporation need to be amended or if more information is required, you or the representative designated on the application will be contacted.

If the organization qualifies for tax exemption, an exempt determination letter will be mailed to you.

B. Delayed Incorporation. To eliminate paying the minimum franchise tax (\$200) you can delay incorporation and secure tax exemption prior to the endorsement of the articles of incorporation by mailing directly to the Office of the Secretary of State, the following:

- original and at least four copies of the proposed articles of incorporation;
- a check payable to the Secretary of State for their filing fee; and
- signed Exemption Application (original only);
- one copy of the proposed by-laws;
- all the required information and supporting data; and
- \$25.00 application fee, payable to the Franchise Tax Board.

If the proposed articles satisfy the requirements of the nonprofit corporation law, the Secretary of State will notify you by letter and forward to the Franchise Tax Board, one copy of the proposed articles, Exemption Application and all supporting documents.

If more information is needed, or the articles need to be revised, you or the representative designated on the application form will be contacted.

If the organization qualifies for tax exemption, an exempt determination letter will be mailed to you with a copy to the Office of the Secretary of State. They will then file (endorse) the articles.

C. Previous Incorporation. If the organization is already incorporated, you should follow the instructions for immediate incorporation (item 5-A (2)).

6 Qualifying in California

If the organization is already incorporated in another state or country, it is deemed to be a "foreign corporation."

To qualify the foreign corporation for tax exemption in California, you must comply with the Secretary of State's qualification

procedures and the Franchise Tax Board's requirements for tax exemption.

The Secretary of State requires:

- A Certificate of Good Standing from the state having custody of the original articles. The certificate must indicate that the corporation is a nonstock, nonprofit corporation.
- Statement of Designation of local agent on a form prescribed by the Secretary of State.

The instructions for immediate and/or delayed qualification are generally the same as those for the immediate and/or delayed incorporation of organizations incorporating in California.

A. Immediate Qualification

1. Follow the instructions for immediate incorporation (item 5-A), but include in your mailing to the Secretary of State, the following additions:

- Certificate of Good Standing; and
- Statement of Designation;

If the Secretary of State is satisfied that the organization meets the requirements of the nonprofit corporation law of California, they will return the endorsed copies of the Statement of Designation.

2. You should then include in your mailing to the Franchise Tax Board the following additions:

- an endorsed copy of the Statement of Designation;
- a copy of the federal exempt determination letter (required); and
- copies of the Federal Information Returns for the last three years of operation. This will satisfy the financial data requirements.

If the organization qualifies for tax exemption, an exempt determination letter will be mailed to you.

B. Delayed Qualification

Follow the instructions for Delayed incorporation (item 5-B), but include in your mailing to the Office of the Secretary of State the following additions:

- Certificate of Good Standing;
- Statement of Designation;
- a copy of the federal exempt determination letter (required); and
- copies of the Federal Information Returns for the last three years of operation.

If the organization satisfies the requirements of the Secretary of State and the Franchise Tax Board, an exempt determination letter will be mailed to you with a copy of the Office of the Secretary of State. They then will file (endorse) the Statement of Designation.

C. Previous Qualification

If you had previously qualified through the Secretary of State before applying for tax exemption, follow the instructions for immediate qualification (item 6-A (2)).

Sample Articles and Code Section Instructions.

1. The sample articles of incorporation are structured to meet the requirements of the Secretary of State and the requirements necessary for tax exemption.

Organizations incorporating as nonprofit must do so under one of the three sections of the Nonprofit Corporation Law (see Corporation Code Sections 5110, 7110 and 9110).

Unincorporated associations may also use these sample articles of incorporation with minor revisions as a constitution.

If an unincorporated association is being incorporated, an article must be added as follows: "The name of the existing unincorporated association now being incorporated by the filing of the articles is (state name of your association)." Also, an affidavit of subscribing persons must be attached to the articles. See Corporation Code Sections 5121, 7121 and 9121.

The details of the internal operations of the organization should be covered in the bylaws.

2. R&TC Section 23701d

Organizations — Use Sample Articles A or B.

a. R&TC Section 23701d organizations which are exclusively religious should format their articles after Sample Articles A.

b. R&TC Section 23701d organizations which are other than religious should structure their articles after Sample Articles B.

Article II B — Enter in the blank space the specific and primary purpose of the organization. It should be limited to those activities permitted by the R&TC Section under which the exemption is desired.

Article IV A — The blank spaces provided in Sample Article B should be completed to describe the specific and primary purposes, permitted by the applicable R&TC Section (i.e., charitable, educational, scientific, etc.).

Article V — The language in Article V of Sample Article A should not be altered.

The two blank spaces provided in Sample Article B must be filled in with the organization's purpose and the type of organization to which its assets will be distributed upon dissolution.

Asset Distribution — Specific Distribution.

R&TC Section 23701d organizations which desire to distribute their assets to a specific organization must provide for an alternate distributee in case that organization is not in existence at the time of distribution or it may not be exempt under IRC Section 501(c)(3).

The exception to this rule is where the assets are to be distributed to:

- federal government, or
- state, county, or
- city government for public purposes.

A sample dedication/dissolution clause which would replace the second sentence in the clause shown in Article V where specific distributee is desired is as follows:

"Upon the dissolution or winding up of this corporation, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this corporation, shall be distributed to XYZ corporation, if it is then in existence* and exempt under Section 501(c)(3) of the Internal Revenue Code, but if not then in existence or exempt, to another** organization which is organized and operated exclusively for charitable and/or religious purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code."

3. R&TC Section 23701f Organizations — Use Sample Articles B

There are two basic types of organizations exempt under R&TC Section 23701f. They are:

- Organizations which are exclusively for the promotion of social welfare (IRC Section 501(c)(4)), and
- Organizations of veterans of the Armed Forces of the United States (IRC Section 501(c)(19)).

They should format their articles after Sample Articles B with the following substitutions:

If organization is:	(a) Social Welfare	(b) Veterans
Article II A: change "charitable" to:	Public	Public
Article IV A: fill in blank space with: change 501(c)(3) to:	Social Welfare 501(c)(4)	Veteran 501(c)(19)
Article IV 8:	Omit	Omit
Article V: fill in blank space with: change 501(c)(3) to:	Social Welfare 501(c)(4)	Charitable 501(c)(19)

Article V — R&TC Section 23701f contains a requirement that the assets of the organizations are dedicated to exempt purposes.

The sample dedication/dissolution clause in Article V can be used for this purpose, but should be limited to "charitable" or "social welfare" as shown in decision table above.

Veteran organizations are entitled to the welfare (property tax) exemption, but must dedicate their assets to "charitable" purposes.

4. All other Organizations — Use Sample Article C

Organizations applying for exemption under R&TC Sections other than 2370d and 23701f should structure their articles after Sample Article C.

Article II B — Enter in the blank space the specific and primary purpose of the organization. It should be limited to those activities permitted by the R&TC Section under which the exemption is desired.

Note: These organizations should not have a clause dedicating assets to charitable purposes. However, any organization may elect to distribute its assets to charitable organizations upon dissolution without restricting their assets to such use during their existence.

Exception — Organizations applying for exemption under R&TC Section 23701g as a social and recreation club, must be operated for the enjoyment of members and supported primarily by dues, fees and assessments paid by members.

Any income from nonmember sources may be taxable as unrelated business income and, if substantial, the club may lose its exempt status.

A social club may have a fund raising event for a charitable organization and pay over the net proceeds to the charity and not lose its exempt status. For social clubs that contemplates fund raising drives, it should include the following clause:

"If this organization holds any event(s) to which the general public are invited to observe or participate in for a fee, the income from the general public, less a proportional share of the expenses which will not benefit members, will be paid over to an organization which is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code on an annual basis."

* "and organized and operated exclusively for charitable and/or religious purposes" and

** "or so organized and operated" must be added to meet requirements for the welfare exemption from property taxation.

SAMPLE ARTICLES A
(nonprofit RELIGIOUS corporation)
ARTICLES OF INCORPORATION OF
(CORPORATION NAME)

I

The name of this corporation is: _____

II

A. This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes.

B. The specific purpose of this corporation is _____

III

The name and address in the State of California of this corporation's

initial agent for service of process is: _____

IV

A. This corporation is organized and operated exclusively for religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to religious purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

DATE

(Signature of Incorporator)

(Type name of Incorporator)

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

(Signature of Incorporator)

SAMPLE ARTICLES B
(nonprofit PUBLIC BENEFIT corporation)
ARTICLES OF INCORPORATION OF
(CORPORATION NAME)

I

The name of this corporation is: _____

II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to: _____

III

The name and address in the State of California of this corporation's initial agent for service of process is: _____

SAMPLE ARTICLES B (continued)

IV

A. This corporation is organized and operated exclusively _____ purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to _____ purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for _____ purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

DATE

(Signature of Incorporator)

(Type name of Incorporator)

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

(Signature of Incorporator)

SAMPLE ARTICLES C
(nonprofit MUTUAL BENEFIT corporation)
ARTICLES OF INCORPORATION OF
(CORPORATION NAME)

I

The name of this corporation is _____

II

A. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific purpose of this corporation is to _____

III

The name and address in the State of California of this corporation's initial agent for service of process is: _____

IV

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

DATE

(Signature of Incorporator)

(Type name of Incorporator)

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

(Signature of Incorporator)

CALIFORNIA
FORM FTB
3500

EXEMPTION APPLICATION

DO NOT USE THESE SPACES
SERIAL NO.
AMOUNT REMITTED

Every organization filing application for exemption from California corporation franchise tax or income tax must furnish the information and day specified and pay the "REQUIRED \$25.00 APPLICATION FEE." If the organization fails to comply with these requirements, the application will be denied. R&TC Section 26451.3 provides that this application, together with any supporting documents, shall be open to public inspection if the exemption is granted. Upon request of the organization, public disclosure of such documents may be withheld if such disclosure would adversely affect the organization or national defense.

1. Name of organization		Federal Employer Identification Number
Mailing address		Telephone number
City	State	ZIP code
2. Name of representative to be contacted regarding additional requirements or information		Telephone number
Representative's mailing address		
City	State	ZIP code

ATTACH REMITTANCE HERE

3a. Enter California Revenue and Taxation Code section under which exemption claimed Section _____

Primary activity of organization: _____

b What is form of organization? ☐ Incorporated ☐ Now being incorporated ☐ Unincorporated association ☐ Trust

b Date organized _____

c If incorporated, furnish the following information:

d Date incorporated _____ e. California Corporate Number _____

f If incorporated in another state, identify the state _____

5a Has this organization or its predecessor previously applied for exemption? ☐ Yes ☐ No

b If "Yes," check the appropriate box(es) and enter either "Granted" or "Denied" and also enter the date the exemption was "Granted" or "Denied" after the box(es) checked.

☐ California _____ Date _____ ☐ Federal _____ ☐ Date _____ ☐ Other state _____ ☐ Date _____

c Furnish copies of any determination letters received.

6a Has organization filed Federal Income Tax returns? ☐ Yes ☐ No

b If "Yes," state type of returns and years filed. _____

7. Annual Accounting Period. (Must end on last day of the month.) _____

8a Are you a new organization? If "No," attach a statement indicating the name of your predecessor(s), the period during which it was in existence, and the reasons for its termination.	Yes	No
b. Are you a membership organization? If "Yes," attach a statement which explains fully the qualifications for members, the different classes of membership, the number of members in each class, and the voting rights and privileges accorded each class.		
c. Have you made or do you plan to make any distribution of your property or surplus to officers or members? If "Yes," attach a statement containing full details.		
d. Will any of the incorporators share any facilities with the organization? If "Yes," attach a statement explaining in detail.		
e. Will any property be rented, purchased, or transferred in any way from any of the incorporators? If "Yes," attach a statement explaining in detail.		
f. Will any promoter, incorporator, founder, or member be employed by the organization? If "Yes," furnish complete details, including duties, responsibilities, qualifications, and compensation.		
g. Will any member of the Board of Directors be compensated for services other than as a board member, e.g., officer, and/or employee? If "Yes," furnish the name(s) of the director(s), and the amount(s) of compensation for each. Also list the names of the other directors, indicating their blood or marriage relationship, if any, to the compensated director(s).		

DO NOT SEND CASH. ALLOW 60 DAYS FOR PROCESSING

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct and complete.

DATE	SIGNATURE OF OFFICER OR REPRESENTATIVE	TITLE
PLACE SIGNED	(Versions of this form prior to (10-84) are obsolete and should not be used, please destroy.)	

(REVISED 10-84)

Exhibit B
Page 6 of 8

EXEMPTION APPLICATION (Form FTB 3500) (REV. 10-84)

Page 2

9. YOU MUST ATTACH THE APPLICABLE INFORMATION REQUESTED OR THE APPLICATION WILL NOT BE PROCESSED.

- a. If incorporated, a copy of your endorsed articles of incorporation and all subsequent amendments; if now being incorporated, proposed articles must be submitted to the Secretary of State with application: If not incorporated, a copy of your constitution, articles of association, declaration of trust, or other document setting forth your aims and purposes which is signed by the principal officers or trustees.
- b. A copy of your bylaws, proposed bylaws, or other similar code of regulations.
- c. For each accounting period that you were in existence and for which exemption is desired, furnish complete statements of receipts and expenditures, and assets and liabilities. Organizations that have not commenced operations or have been operating less than one year, see item "d" below.
- d. A proposed budget showing expected income by source and areas of expenditures for the first year of operation if a newly formed organization or just commencing operations. THE BUDGET IS REQUIRED BEFORE THE APPLICATION WILL BE PROCESSED and should be based upon your most reasonable expectations.
- e. A statement (in your own words) that states the specific purposes for which the organization was formed. (Do not quote the Articles of Incorporation or bylaws for this purpose.)
- f. A statement which describes in detail the programs and activities which are presently carried on or will be carried on by the organization and how they will accomplish the specific purposes of the organization.
- g. A statement explaining in detail each fund-raising activity and each business enterprise you have engaged in or plan to engage in (accompanied by copies of all agreements, if any) with other parties for the conduct of each fund-raising activity or business enterprise.
- h. A statement which explains fully any specific activities that the organization has engaged in or sponsored and which have been discontinued. Give dates of commencement and termination and the reasons for discontinuance.
- i. A copy of each lease, if any, in which you are the lessee or lessor of property (real, personal, gas, oil, or mineral) or in which you own an interest under such lease, together with copies of all agreements with other parties for development of the property.
- j. Samples of any literature which the organization sells or distributes and samples of any organizational advertising.
- k. In addition to the items above, one of the items from 10 through 22 (shown below) must be completed by most organizations according to the section under which tax exemption is being claimed. If you are claiming an exemption under a section indicated on items 10 through 22, circle that item number and furnish the information and/or documents requested for that type of organization.

10. If you are claiming exemption as a Labor, Agricultural, or Horticultural organization under R&TC Section 23701a, submit an explanation of any services to be performed for your members. Cooperative organizations applying for exemption under R&TC Section 23701a must submit a copy of the Federal exemption letter showing exemption under IRC Section 501(c)(5).

11. a. If you are claiming exemption as a Fraternal Beneficiary Society, etc., as described in R&TC Section 23701b, or a Fraternal Society described in R&TC Section 237011, state whether the organization operates or plans to operate under the lodge system or for the exclusive benefit of the members of an organization so operating. Operating under the lodge system means carrying on activities under a form of organization that comprises local branches, chartered by a parent organization, largely self-governing, and called lodges, chapters, or the like.
- b. In the case of a Subordinate or Local Lodge, etc., attach a certificate signed by the secretary of the parent organization, under the seal of that organization, certifying that the Subordinate Lodge is a duly constituted body operating under the jurisdiction of the parent body.
- c. In the case of a Parent or Grand Lodge, attach a statement showing (1) the number of subordinate lodges in active operations, and (2) whether periodic meetings are actually held.
- d. For R&TC Section 23701b organizations only, attach a statement describing the types of benefits (life, sick, accident, or other benefits) paid or to be paid to members.

12. If you are claiming exemption as a cemetery company or corporation chartered solely for burial purposes, as described in R&TC Section 23701c:

- a. Attach the following statements and/or documents:
- (1) Complete copy of sales contract or other document involved in acquisition of cemetery property by the organization.
 - (2) Complete copy of any contract you may have which designates an agent to sell your cemetery lots.
 - (3) Names of officers and directors of your organization from the date of incorporation to the present date and show the period for which each held office.
 - (4) Appraised value of cemetery property as of the date acquired. The appraisal should be obtained from sources other than the parties in interest.
- b. Do you have or do you plan to have a perpetual care fund? ☐ Yes ☐ No
If "Yes," furnish copy of Federal exemption letter, copy of the fund agreement, and a statement giving nature of such fund (cash, securities, unsold land, etc.), manner in which and by whom the fund is or will be administered, and specific purposes for which it is used.
- c. Do you operate a crematorium? ☐ Yes ☐ No

EXEMPTION APPLICATION (Form FTB 3500)(REV. 10-84)

Page 3

13. If you are claiming exemption as a Religious, Charitable, Scientific, Literary, or Educational organization under R&TC Section 23701d, answer questions "a" through "e". Attach a statement explaining all "Yes" answers in "a" through "d".

- | Yes | No |
|-----|----|
| | |
| | |
| | |
| | |
- a. Did you receive or do you expect to receive 10 percent or more of your assets from any organization group of affiliated organizations (affiliated through stockholding, common ownership, or otherwise), any individuals or members of a family group (brother or sister whether whole or half blood, spouse, ancestor, or lineal descendant)?
 - b. Are you now, have you ever been, or do you plan to be engaged in carrying on propaganda, or otherwise advocating or opposing pending or proposed legislation (this includes dissemination of such information to the general public by you while representing the organization)?
 - c. Do you participate or plan to participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office?
 - d. Do you hold or plan to hold 10 percent or more of any class of stock or 10 percent or more of the total combined voting power of stock in any corporation?
 - e. If claiming exemption as a CHURCH, attach statement including the following:
 - (1) Has a permanent place of worship been established? At what address? Who is the legal owner of this property? Describe the physical characteristics of your church buildings. Explain to what extent these buildings are used for purposes other than religious worship.
 - (2) Does your organization have a regular congregation or regular religious services? How many members do you have? Where and how often are religious services held?
 - (3) Furnish information regarding the religious background and formal religious training of the religious leaders. Furnish a copy of the religious leader's certificate of ordination.
 - (4) What amount of your annual gross income will be received from incorporators, ministers, officers, directors or their families?
 - (5) What amount of the organization's proposed expenditures will be used for the personal living expenses of the individuals mentioned in item (4) above?
 - (6) How many hours per week will the religious or spiritual leader devote to organizational activities? Will this person engage in employment unrelated to the activities of the organization? If so, indicate the number of hours per week and describe the employment activity.
 - (7) Please list all the officers, directors, trustees, etc. of the organization and describe their qualifications for such office. Are any of the officers or directors related by blood or marriage? If yes, explain.
 - (8) Will any founder, member or officer:
 - (a) Take a vow of poverty?
 - (b) Transfer personal assets to this organization such as a home, automobile, furnishings, business or recreational assets, etc. which will be made available for the personal use of the donor(s)?
 - (c) Assign or donate income to the organization which will be used in part or whole to be paid to the donor(s) as salary, stipend or living allowance (such as food, medical expenses, clothing, insurance, etc.)?

14. If you are claiming exemption as a Business League, Chamber of Commerce, etc. under R&TC Section 23701e, state whether you perform, or plan to perform, particular services for members, shareholders, or others, such as furnishing credit reports, collecting accounts, inspecting products, conducting advertising, purchasing merchandise, or other similar undertakings. ☐ Yes ☐ No
- If "Yes", attach a detailed statement, including income realized and expenses incurred, regarding such activities. If engaged in advertising, attach specimen copies of material.

15. If a Local Association of Employees, under R&TC Section 23701f, attach a statement giving names and addresses of employers whose employees are eligible for membership in the association. If employees of more than one plant or office of the same employer are eligible for membership, give the address of each such plant or office.

16. If you are claiming exemption as a Social and Recreational organization under R&TC Section 23701g, answer the following questions and furnish the information requested.

- | Yes | No |
|-----|----|
| | |
| | |
| | |
| | |
- a. Do you solicit or do you plan to solicit public patronage of your facilities by advertisement or otherwise? If "Yes", attach sample copies of such advertisements or other solicitations.
 - b. Are nonmembers other than bona fide guests of members permitted, or will they be permitted to use the club facilities or participate in or attend any functions or activities conducted by the organization? If "Yes", attach a statement describing the functions or activities in which such nonmembers have participated or will participate, or to which they have been admitted or will be admitted. If such nonmembers have participated in or have been admitted to any functions or activities, state the amount received from such nonmembers, the expenses attributable to such functions, and the disposition made of net profits, in any, derived therefrom.
 - c. Do you rent or lease or do you plan to rent or lease any part of the club's property to others? If "Yes", attach a statement indicating the reason for such action or proposed action and the amount received or to be received. Also attach copies of the rental agreements or leases..
 - d. Have you or will you derive any income from nonmembers not explained above? If "Yes", furnish a statement separating the member and nonmember income for the past three years and a proposed budget separating member and nonmember income for the next period of operation.
 - e. State total number of club members. If you have different classes of membership, explain dues and privileges of each class.

EXEMPTION APPLICATION (Form FTB 3500)(REV. 10-84)

Page 4

17. If you are claiming exemption as a Title Holding Corporation under R&TC Section 23701h, answer the following questions and furnish the information requested.
- a. Attach a statement giving the complete names and addresses of organizations for which title to property is held, the number of shares of capital stock held, and whether shares of stock have ever been held by persons other than such organizations. If stock was so held, include the years held and the total number of shares of each class of stock.
 - b. State whether the annual income (less expenses) is or will be turned over to the organization for which title to property is held. If "No", explain what disposition will be made of the income.
 - c. Enclose a copy of an exemption letter (Federal or California) for each organization for which property will be held. If property will be held for organization(s) located in California, a California exemption letter must be furnished.
18. If you are claiming exemption as a Voluntary Employees' Beneficiary organization under R&TC Section 23701i, furnish a copy of the Federal determination letter showing exemption under IRC Section 501(c)(9).
19. If exemption is claimed as a Diversified Management Company under R&TC Section 23701m, furnish evidence and date that the corporation was registered as a Diversified Management Company under section 5 of the Federal Investment Act of 1940(15 U.S.C.A. -- §80a-8). Date _____.
20. If you are claiming exemption as a Supplemental Unemployment Compensation Trust under R&TC Section 23701n, attach a copy of the supplemental unemployment benefit plan and appurtenant agreements and a copy of the Federal determination letter.
21. If exemption is claimed as a Diversified Management Company under R&TC Section 23701q, furnish a copy of the Federal determination letter showing exemption under IRC Section 501(c)(20).
22. If you are claiming exemption as a Homeowners Association under R&TC Section 23701t, answer the following questions and furnish the information requested. Attach a supplemental schedule if needed.
- a. Will any of the individual units/lots owned by the organization or its members be occupied for other than personal residential purposes? If "Yes", answer the following:
 - (1) What percentage of the units/lots will be used for nonresidential purposes?
 - (2) If the organization is claiming exemption as a condominium management association, indicate square footage of all units and square footage devoted to residential purposes.
 - (3) What percentage of the organization's total gross income will be derived from dues, fees, or assessments from nonresidential members?
 - b. Will this organization own, maintain or operate a mutual water company, well, electrical generating facility or other facility? If "Yes", describe in detail and answer the following:
 - (1) Are your members/shareholders the actual users of the utility, or simply investors?
 - (2) Is this organization furnishing utilities to residential homes, commercial businesses (including agricultural enterprises) or both? If both, indicate what percent of this organization's total income will be derived from sale of utilities for nonresidential usage.
 - (3) How are members/shareholders assessed for utilities usage? Are they assessed equally, according to square footage/acreage, metered, etc.?
 - c. Furnish a copy of the Declaration of Covenants, Conditions and Restrictions, if applicable.
 - d. Will any of the units/lots be rented by a person or series of persons for a period of less than 30 days for more than half of the associations taxable year. If "Yes", what percentage?
 - e. Provide the date the association became active. Provide details of these activities.
 - f. Provide the date the first unit was sold.

FOR FRANCHISE TAX BOARD OFFICES/TELEPHONE ASSISTANCE
Refer to your Telephone Directory

**WELFARE EXEMPTION
CLAIM FOR EXEMPTION FROM PROPERTY TAXES UNDER
SECTIONS 4(b) AND 5 OF ARTICLE XIII OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND
SECTIONS 214, 254.5 AND 259.5 OF THE REVENUE AND TAXATION CODE**

See the following Sections of the Revenue and Taxation Code:

213.5	Polling place	214.4	Elementary & high school	214.13	Community Redevelopment	254	Affidavit
213.7	Vol. fire dept.	214.5	School of less than college	215.2	Bingo	254.5	SBE reviews claim
214	Welfare Exemption	214.6	Leased to exempt govt. entity	221	Nursery school	255	Time to file
214.01	Irrevocable dedication	214.7	Hospitals	222	Zoological, horticultural	259.5	Contents of affidavit
214.02	Natural areas	214.8	Sec 23701d & Sec 501(e)(3)	222.5	Possessory interest, zoo, hort.	260	Exemption waived
214.1	Under construction	214.9	Outpatient clinic	225.5	Educational TV and FM	261	Recordation requirement
214.2	Demolition	214.10	Government funded	231	Leased to government	270	Late filing
214.3	30 years in use	214.11	Needs of hospitals	251	Prescribed form & procedures	271	Acquired after lien date

To receive the full exemption, a claimant must complete and file this form in duplicate with the Assessor by March 15.

(Read instructions carefully before preparing claim and supporting schedules.)

- _____ states;
(Name Of Person Making Claim)
1. He is _____
(Title, such as President, etc.)
2. of the _____
(Corporate name from articles if incorporated)
3. the mailing address of which is _____
(Give complete address)
4. that he makes this claim for welfare exemption on behalf of said organization for the 19.....- 19..... fiscal year (carefully follow instructions for the year to be entered here);
5. that the owner is not organized or operated for profit;
6. that no part of the net earnings of the owner inures to the benefit of any private shareholder on individual;
7. that the property is used for the actual operation of the exempt activity;
8. that the property is not used or operated by the owner or by any other person so as to benefit any office, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations or the more advantageous pursuit of his business or profession;
9. that the property is not used by the owners or members for fraternal or lodge purposes, or for social club purposes except where such use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

(Signature of person making the claim)

(Date)

THIS EXEMPTION CLAIM IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION

Received by _____
(Deputy Assessor)

of _____
(County or City)

on _____
(Date)

PERSON TO CONTACT DURING NORMAL BUSINESS HOURS FOR
ADDITIONAL INFORMATION

Name _____

Address _____

Telephone Number _____

Number of Sections Bs in claim _____
SBE-ASD AH 267 10-18-73 (REVISED 10-12-84)

SECTION A OF CLAIM FOR WELFARE EXEMPTION *
INFORMATION ON ORGANIZATION

Follow instructions Carefully

Name of Organization _____

1. Corporations

(a) Date of incorporation _____ (b) Date or dates of all amendments to
(Date filed with Sec. of State) the articles of incorporation _____
(Date filed with Sec. of State)

(c) Have there been any amendments to the articles of incorporation filed with the Sec. of State since the last filing for the welfare exemption?
_____ If the answer is yes, attach copy.
(yes or no)

2. Non-corporations

(a) Date of organization _____ (b) Date or dates of all amendments to the
constitution, trust instrument, or other document evidencing nature of organization. _____

(c) Have there been any amendments to the constitution, trust instrument, etc., since the last filing for the welfare exemption?
_____ If the answer is yes, attach copy.
(yes or no)

3. Activities

State fully all activities in which the organization is engaged (Include all activities since March 1 of prior year)

4. Indebtedness

Has the organization any outstanding bonds, debentures, promissory notes, or other evidence of indebtedness issued for its over-all operation?
_____ If yes, give specific details as to type and terms of such indebtedness and to whom owing.
(yes or no)

5. Is the organization exempt from state franchise or income tax under the provisions of Section 23701d of the Revenue and Taxation Code and exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954? _____
If the answer is yes, attach a copy of the letters evidencing the exemption to the first claim filed. (yes or no)

6. Salaries

Is the rate of pay to any individual in excess of \$600 weekly or \$30,000 annually? _____ If yes, list each position with
its rate of pay in a separate schedule. (yes or no)

7. Prior filings

Has the organization filed for the welfare exemption in prior years? _____ If yes, state:
(yes or no)

(a) Latest year filed _____ (b) County filed in _____

(c) Exact name of organization filed under _____

8. Financial statements of the organization

Attach to Section A of this claim a copy of your operating statement and balance sheet for the immediately preceding calendar or fiscal year.

* If the owner and operator of the property are not the same, each must execute a separate claim, including a complete Section A and B.

SECTION B OF CLAIM FOR WELFARE EXEMPTION

(Separate copies of this section must be completed for each property for which exemption is sought.)

Follow Instructions Carefully

Information for Property No.

Name of _____

Address of this property _____ County _____

PROPERTY DESCRIPTION				STATE PRIMARY AND INCIDENTAL USE OF PROPERTY DESCRIBED	
1. <u>Land</u> : Legal description or map book, page, and parcel number from most recent tax statement				1B. <u>Primary Use</u> since March 1 of prior year:	
1A. <u>Area</u> : Acres or square feet				1C. <u>Incidental Use</u> since March 1 of prior year:	
2. <u>Buildings and Improvements</u> BLDG. NO. NO. OF NO. OF TYPE OF OR NAME FLOORS ROOMS CONSTRUCTION				2A. <u>Primary Use</u> since March 1 of prior year:	
				2B. <u>Incidental Use</u> since March 1 of prior year:	
3. <u>Personal Property</u> Describe				3A. <u>Primary Use</u> since March 1 of prior year:	
				3B. <u>Incidental Use</u> since March 1 of prior year:	
4. Owner and operator (Carefully check applicable boxes) Claimant is: owner and operator <input type="checkbox"/> owner only <input type="checkbox"/> operator only <input type="checkbox"/> and claims exemption on all land buildings and improvements and personal property <input type="checkbox"/> listed above. List the name of the organization which owns or operates the land, buildings, or personal property <u>other than the claimant</u> : _____					
5. Leased or rented (since March 1 prior year) (a) Is any portion of the property indicated in 1, 2, or 3 above rented, leased, or being used or operated part time or full time by some other person or organization? _____ (yes or no) If yes, describe that portion and its use and attach a copy of agreement; list amount received by claimant: _____ (b) Is any equipment or other property at this location being leased, rented, or consigned from someone else? _____ (yes or no) If yes, so state and list on the reverse side of this form. Property so listed is not subject to the exemption and will be assessed by the assessor if owned by a taxable entity.					
6. Living quarters (since March 1 of prior year) Is any portion of this property used for living quarters for any person? _____ (yes or no) if so, describe that portion. _____					
7. Sale of personal property (since March 1 of prior year) Is any portion of the property indicated in 1, 2, or 3 above used to operate a store, thrift shop, or other facility making sales to members or to the general public? _____ (yes or no) If yes, list hours per week the business is operated and describe nature of articles sold. _____					
8. Expansion Do you contemplate any capital investment in the property within the next year? _____ (yes or no) If yes, explain: _____					
9. Financial Statements Attach to each Section B a copy of your latest operating statement <u>relating exclusively to this property</u> , if different from organization's. Statement should include sources of income and the nature of expenses.					

**EQUIPMENT AND OTHER PROPERTY AT THIS LOCATION THAT
IS BEING LEASED, RENTED, OR CONSIGNED TO THE CLAIMANT**

(This property is taxable as it is not owned by the claimant.)

NAME AND ADDRESS OF LESSOR OR CONSIGNOR	QUANTITY AND DESCRIPTION OF PROPERTY

SBE-ASD AH 267B BACK 10-18-73 (REVISED 10-12-84)

**INSTRUCTIONS FOR FILING CLAIM FOR PROPERTY TAX EXEMPTION
UNDER THE WELFARE EXEMPTION PROVISIONS**

FILING OF CLAIM

Claims for the welfare exemption must be signed and filed in duplicate with the county assessor concerned. Each copy of the claim must contain supporting documents including financial statements.

An officer or duly authorized representative of the organization owning the property must sign the claim. An officer or duly authorized representative of the organization operating the property must sign and file a separate claim. If an organization both owns and operates the property, only one claim need be signed and filed in duplicate with the assessor.

The assessor will supply claim forms in triplicate. Additional Section Bs or complete sets will be mailed upon request. A copy of the claim should be retained by the organization. It is recommended that the retained copy be submitted to the assessor for acknowledgment of filing by entry of the date and the assessor's or the deputy's signature. This copy will serve as a record of filing should there be any later question relative thereto.

TIME FOR FILING

To receive the full exemption the claimant must file his claim each year on or before March 15. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between March 16 of the current year and March 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. In no case, however, is the tax, penalty, and interest for a given year to exceed \$250.

FISCAL YEAR

The fiscal year for which exemption is sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., March 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in March 1985 would enter "1985-86" on line four of the claim; a "1984-85" entry on a claim filed in March 1985 would signify that a late claim was being filed for the preceding fiscal year.

PREPARATION OF CLAIM

If the owner and operator of the property are not the same, each must execute a separate claim and give the information requested in Sections A and B. All questions must be answered. Failure to answer all questions may result in denial of your claim. Leave no blanks; use "no," "none," or "not applicable" where needed.

SECTION A. INFORMATION ON THE ORGANIZATION

The Constitution and statutes of the State of California require that the owner, and also the operator if other than the owner, meet certain requirements. In responding to the questions set forth under Section A of the claim, the details and activities of the organization since March 1 of the prior year should be considered and not the details of any property owned or operated by the organization.

- Lines 1 and 2. An organization filing for the first time must attach two certified copies of the Articles of Incorporation or comparable instrument for unincorporated organizations, together with all amendments and revisions thereto. After the first filing, only subsequent amendments or revisions to the articles or comparable instrument need be submitted with each claim. Approval of your claim for welfare exemption cannot be given without having proper documents on file in the assessor's office.
- Line 3. State briefly all of the activities in which the organization is currently engaged since March 1 of the prior year. *Do not copy a statement of purposes from the articles of incorporation or comparable instrument.* List the primary activity first.
- Line 4. If answer is yes, list the type of obligations (such as bonds, notes, etc.), the amounts of the obligations, the payment terms, and names of creditors. Use a separate schedule if necessary.
- Line 5. An organization filing for the first time must attach two copies of the letter evidencing the exemption from state franchise or income tax and two copies of the letter evidencing the exemption from federal income tax. If either of these exemptions has subsequently been denied, attach two copies of the letter stating that fact.
- Line 6. Give title of position (do not list names of position holders) and weekly or annual salary, commissions, or percentage payments.
- Line 7. (a) Year filed is the year in which the claim was submitted to the county assessor.
(b) List all counties in which organization filed for year indicated in (a).
(c) Give exact name under which organization filed for year indicated in (a).

SBE-ASD AH 267 INSTRUCTIONS FRONT 10-18-73 REVISED 10-12-84)

Exhibit C

Page 6 of 6

Line 8. In submitting the financial statements (balance sheet and operating statement) of the organization required under Section A, the complete financial transactions of the organization should be included. If the nature of any item of income or disbursement is not clear from the account name, further explanation indicating the nature of the account should be appended. Your claim will not be processed until the financial statements are received by the assessor.

SECTION B. INFORMATION CONCERNING THE PROPERTY

Section B is for submitting the necessary information relative to each property for which exemption is sought. *A separate Section B must be completed and filed for each property for which exemption is sought, and the information furnished must be restricted to the particular property.* Give exact name of organization, address of this property, and county of location.

The term "property" as used here means any operating unit of property consisting of one parcel or several contiguous parcels for which exemption is sought even though there may be several improvements and separate buildings thereon. All personal property for which exemption is sought should also be listed. If more than one Section B is filed, each Section B should be numbered for convenient reference.

Line 1. Enter the legal description or map book, page, and parcel number. Use additional sheets if necessary. Line 1A: Indicate the area and the unit of measurement used. Line 1B: List the primary use which should qualify the property for exemption. Line 1C: List incidental use or uses of the property since March 1 of the prior year.

Line 2. List all buildings and improvements on the land. Use additional sheets if necessary. Describe as stucco, concrete and steel, brick, wood, etc. Line 2A: List the primary use. Line 2B: List incidental use or uses of the property since March 1 of the prior year.

Line 3. List the personal property. Line 3A: List the primary use. Line 3B: List incidental use or uses since March 1 of the prior year.

Line 4. If the owner and operator of any portion of the property are not the same, both must file a claim, and each must meet all of the requirements to obtain the exemption.

Line 5. (a) Copies of leases or agreements must be submitted if answer is yes. If the leases or other agreements have been filed in prior years, it is only necessary to attach copies of subsequent extensions, modifications, and changes.

(b) If the answer is yes, provide the names and addresses of the lessors and consignors and list the quantity and description of the property on the reverse side of Section B.

Line 6. Describe the portion of the property used for living quarters since March 1 of the prior year and explain the institutional necessity for the person or persons to live on the premises. (This question is not applicable where the exempt activity is housing, i.e., homes for aged, youth, mentally or physically disabled).

Line 7. If the answer is yes, describe in sufficient detail to determine the volume of business and the hours open for business since March 1 of the prior year. If a business operation located on the listed parcel has been deliberately omitted, because you do not desire the exemption on the business, so state.

Line 8. If the answer is yes, describe the type of investment contemplated and the reasons that make such expansion necessary.

Line 9. The operating statement required under Section B should be restricted to the financial transactions relating to the operation of the subject property. The income should include only those receipts that result from the operation of the property and should not include receipts from invested funds, gifts, or other items that do not result directly from the operation of the property.

The expenditures should be the expenditures resulting from the operation of the property. Any expenses of the organization or expenses extraneous to the operating unit should not be included in Section B. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. *The claim may be denied for lack of an operating statement; it must accompany the claim.*

ADDITIONAL INFORMATION

Upon request, the owner and the operator must furnish additional information to the assessor. All claims are reviewed by the State Board of Equalization. Both the assessor and the State Board of Equalization may institute an audit or verification of the operations of the owner and of the operator and may request additional information from the claimant.

RECORDATION REQUIREMENT

As a prerequisite to the allowance of the welfare exemption with respect to taxes on real property, Section 261 of the Revenue and Taxation Code requires the interest in the property of the organization seeking the exemption must be of record as of 12:01 a.m., March 1 in the office of the recorder of the county in which the property is located. A claimant which on the lien date has a possessory interest in publicly owned land, owns water rights, or owns improvements on land owned by another may in lieu of recordation file a copy of the document giving rise to that possessory interest or water rights or file a written statement attesting to the separate ownership of those improvements with the assessor. Failure to establish the fact of such recordation to the assessor constitutes a waiver of the exemption.

CHECK YOUR ANSWERS!! LEAVE NO BLANKS!!

SBE-ASD AH 267 INSTRUCTIONS BACK 10-18-73 (REVISED 10-12-84)

REGULAR ASSESSMENT ☐
SUPPLEMENTAL ASSESSMENT ☐

**WELFARE EXEMPTION
ASSESSOR'S FIELD INSPECTION REPORT**
Information for Property No.

Name of Organization _____

Address of this property _____ County _____

Owner only ☐ Operator only ☐ Owner-Operator ☐

If claimant is owner, name of operator is _____

If claimant is operator, name of owner is _____

Date of last inspection of property _____

A. Claimant

1. Claimant is primarily: (check only one)

a. religious _____ b. hospital _____ c. scientific _____ d. charitable _____

e. other (Explain) _____

B. Use of property

1. The primary activity the property is used for is: (check only one)

a. administration _____ b. commercial _____ c. educational _____ d. farming _____

e. fraternal and lodge meetings _____ f. fund raising _____ g. hospital _____

h. housing _____ i. medical (not hospital) _____ j. recreational _____

k. rehabilitation _____ l. informational _____ m. other (Explain) _____

2. Other activities the property is used for are: a. List letters used in B1 _____

b. other (Explain) _____

3. *All or part* (write in all or part where applicable) of the property is: a. leased or rented _____

b. vacant or unused _____ c. in excess of that reasonably _____ d. used to house personnel whose

presence is not institutionally necessary _____

C. Operation of property for benefit of persons

1. In your opinion are services and expenses _____ If answer is yes, explain:
(yes or no)

2. In your opinion do operations enhance anyone's private gain? _____ If answer is yes, explain:
(yes or no)

3. In your opinion is proposed new capital investment, if any, _____ If answer is no, explain:
(yes or no)

D. Ownership of real property (as of applicable lien date) is recorded in exact name of claimant _____ If answer is no, explain:
(yes or no)

Did owner file an exemption claim? _____
(yes or no)

E. Supplemental Assessment (in claimant's name):

1. Date of Change In Ownership _____ Recorded _____
Ownership in name of Claimant? _____
(yes or no) (yes or no)

2. Date of Completion of New Construction _____
Explain what was constructed _____

3. Date Put to Exempt Use _____ If only a portion of the property is put to an exempt use, describe exempt
and nonexempt portions in detail _____

4. Notice: Date mailed _____ Not mailed ☐

5. Date claim for exemption from Supplemental Assessment was filed with Assessor _____

F. A claim for welfare exemption on this property: a. was filed last year _____ b. is new this year _____

c. was filed on property located at _____ last year.
(Address)

G. Recommendation: a. Approval _____ (part) _____ (all) b. Denial _____ (part) _____ (all)

Reason for denial (if partial denial, identify specific area to be denied) _____

Date _____ Inspection for _____, Assessor

By _____, Deputy

This page intentionally left blank.

VETERANS' ORGANIZATION EXEMPTION
CLAIM FOR EXEMPTION FROM PROPERTY TAXES UNDER SECTIONS
4(b) AND 5 OF ARTICLE XIII OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND
SECTIONS 215.1, AND 259.7 OF THE REVENUE AND TAXATION CODE

(See also Sections 214.01, 214.8, 215.2, 251, 254, 255, 260, 261, 270, and 271 of the Revenue and Taxation Code.)

To receive the full exemption, a claimant must complete and file this form with the Assessor in duplicate by March 15.

(Read instructions carefully before preparing claim and supporting schedules.)

- _____ states:
(Name of person making claim)
1. He is _____
(Title, such as President, Commander, etc.)
2. of the _____
(Corporate name from articles if incorporated)
3. the address of which is _____
(Give complete address)
4. that he makes this claim for veterans' organization exemption on behalf of said organization for the 19 ____ – 19 ____ fiscal year (carefully follow instructions for the year to be entered here);
5. that the owner is not organized or operated for profit;
6. that no part of the net earnings of the owner inures to the benefit of any private shareholder or individual;
7. that the property is owned by a veterans' organization which has been chartered by the Congress of the United States;
8. that the property is used for the actual operation of the charitable activity;
9. that the property is not used or operated by the owner or by any other person so as to benefit any officer, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of his business or profession;
10. that the property is not used by the owners or members for fraternal or lodge purposes, or for social club purposes except where such use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

(SIGNATURE OF PERSON MAKING CLAIM)

(DATE)

THIS EXEMPTION CLAIM IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION.

Received by _____
(Deputy Assessor)

of _____
(County or City)

on _____
(Date)

Number of Section Bs in claim _____

PERSON TO CONTACT DURING NORMAL BUSINESS HOURS FOR
ADDITIONAL INFORMATION

Name _____

Address _____

Telephone Number _____

SBE-ASD AH 269 FRONT 10-26-72 (REVISED 10-12-84)

**SECTION A OF CLAIM FOR VETERANS' ORGANIZATION EXEMPTION
INFORMATION ON ORGANIZATION**

Follow Instructions Carefully

Name of Organization _____

1. Corporations

- (a) Date of incorporation _____ (b) Date or dates of all amendments to
the articles of incorporation _____
(Date filed with Sec. of State) (Date filed with Sec. of State)
- (c) Have there been any amendments to the articles of incorporation filed with the Sec. of State since the last filing for the veterans' organization exemption? _____ If the answer is yes, attach a copy.
(yes or no)

2. Non-corporations

- (a) Date of organization _____ (b) Date or dates of all amendments to
the constitution, trust instrument, or other document evidencing nature of organization _____
- (c) If there have been amendments to the constitution trust instrument, or other document evidencing nature of the organization since the last filing for the veterans' organization exemption, attach a copy.

3. Activities

State fully all activities in which the organization is engaged (include all activities since March 1 of prior year).

4. Indebtedness

Has the organization any outstanding bonds, debentures, promissory notes, or other evidence of indebtedness issued for its over-all operation?
_____ If yes, give specific details as to type and terms of such indebtedness and to whom owing.
(yes or no)

5. Is the organization exempt from state franchise or income tax under the provisions of Section 23701f of the Revenue and Taxation Code and also exempt from federal income tax under the provisions of Section 501(c)(4) or 501(c)(19) of the Internal Revenue Code of _____

(yes or no)

If the answer is yes, attach to the first claim a copy of the letters evidencing the exemption.

6. Salaries

Is the rate of pay to any individual in excess of \$600 weekly or \$30,000 annually? _____ If yes, list each position with
(yes or no)
its rate of pay in a separate schedule.

7. Financial statements of the organization

Attach to Section A of this claim a copy of your *operating statement* and *balance sheet* for the immediately preceding calendar or fiscal year.

*If the owner and operator of the property are not the same, each must execute a separate claim, including a complete Section A and B.

SECTION B OF CLAIM FOR VETERANS' ORGANIZATION EXEMPTION

(Separate copies of this section must be completed for each property for which exemption is sought.)

Follow Instructions Carefully

Information for Property No.....

Name of Organization _____
Address of this property _____ County _____

PROPERTY DESCRIPTION				STATE PRIMARY AND INCIDENTAL USE OF PROPERTY DESCRIBED	
1. <u>Land</u> : Legal description or map book, page, and parcel number from most recent tax statement.				1B. <u>Primary Use</u> since March 1 of prior year:	
1A. <u>Area</u> : Acres or square feet				1C. <u>Incidental Use</u> since March 1 of prior year:	
2. <u>Buildings and Improvements</u>				2A. <u>Primary Use</u> since March 1 of prior year:	
BLDG. NO. OR NAME	NO. OF FLOORS	NO. OF ROOMS	TYPE OF CONSTRUCTION	2B. <u>Incidental Use</u> since March 1 of prior year:	
3. <u>Personal Property</u>					

(PERSONAL PROPERTY IS EXEMPT UNDER THE PROVISIONS OF SECTION 215.
REVENUE AND TAXATION CODE. (NO CLAIM FORM IS REQUIRED).)

4. Owner and operator (Carefully check applicable boxes)
Claimant is: owner and operator ☐, owner only ☐, operator only ☐ and claims exemption on all land ☐, buildings and improvements ☐, listed above. List the name of the organization which owns or operates the property other than the claimant:

5. Leased or rented (since March 1 of prior year)

(a) Is any portion of the property indicated in 1, 2, or 3 above rented, leased, or being used or operated part time or full time by some other person or _____ If yes, describe that portion and its use and attach a copy of any agreement; list amount received by claimant _____
(yes or no)

(b) Is any equipment or other property at this location being leased, rented, or consigned from someone else? _____
(yes or no)

If yes, so state and list on the reverse side of this form. Property so listed is not subject to the exemption and will be assessed by the assessor if owned by a taxable entity.

6. Sale of personal property (since March 1 of prior year)

Is any portion of the property indicated in 1, 2, or 3 above used to operate a store, thrift shop, restaurant, bar, or other facility making to members or to the general _____ If yes, list hours per week the business is operated and describe nature of articles sold _____
(yes or no)

7. Expansion

Do you contemplate any capital investment in the property within the next year? _____ If yes, explain:
(yes or no)

8. Financial Statements

Attach to each Section B a copy of your latest operating statement relating exclusively to this property, if different from organization's. Statement should include sources of income and the nature of expenses.

**EQUIPMENT AND OTHER PROPERTY AT THIS LOCATION THAT
IS BEING LEASED, RENTED, OR CONSIGNED TO THE CLAIMANT**

(This property is taxable as it is not owned by the claimant.)

NAME AND ADDRESS OF LESSOR OR CONSIGNOR	QUANTITY AND DESCRIPTION OF PROPERTY

**INSTRUCTIONS FOR FILING CLAIM FOR PROPERTY TAX EXEMPTION
UNDER THE VETERANS' ORGANIZATION EXEMPTION PROVISIONS**

FILING OF CLAIM

A claim for the veterans' organization exemption must be executed and filed in duplicate with the county assessor concerned. Each copy of the claim must contain supporting documents including financial statements.

An officer or duly authorized representative of the organization owning the property must sign and execute a claim. An officer or duly authorized representative of the organization operating the property must sign and execute a claim. If an organization both owns and operates the property, only one claim need be signed and executed.

The assessor will supply claim forms in triplicate. Additional Section Bs or complete sets will be mailed upon request. A copy of the claim should be retained by the organization. It is recommended that the retained copy be submitted to the assessor for acknowledgment of filing by entry of the date and the assessor's or the deputy's signature. This copy will serve as a record of filing should there be any later question relative thereto.

TIME FOR FILING

To receive the full exemption the claimant must file his claim each year on or before March 15. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between March 16 of the current year and March 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. In no case, however, is the tax, penalty, and interest for a given year to exceed \$250.

FISCAL YEAR

The fiscal year for which exemption is sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., March 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in March 1985 would enter "1985-86" on line four of the claim; a "1984-85" entry on a claim filed in March 1985 would signify that a late claim was being filed for the preceding fiscal year.

PREPARATION OF CLAIM

If the owner and operator of the property are not the same, each must execute a separate claim and give the information requested in Sections A and B. All questions must be answered. Failure to answer all questions may result in denial of your claim. Leave no blanks; use "no," "none," or "not applicable" where needed.

SECTION A. INFORMATION ON THE ORGANIZATION

The Constitution and statutes of the State of California require that the owner, and also the operator if other than the owner, meet certain requirements. In responding to the questions set forth under Section A of the claim, the details and activities of the organization since March 1 of the prior year should be considered and not the details of any property owned or operated by the organization.

- Lines 1 and 2. A veterans' organization filing for the first time must attach two certified copies of the Articles of Incorporation or comparable instrument for unincorporated organizations, together with all amendments and revisions thereto. After the first filing, only subsequent amendments or revisions to the articles or comparable instrument need be submitted with each claim. Approval of your claim for veterans' organization exemption cannot be given without having proper documents on file in the assessor's office.
- Line 3. State briefly all of the activities in which the organization is currently engaged (since March 1 of the prior year.) *Do not copy a statement of purposes from the articles of incorporation or comparable instrument.* List the primary activity first.
- Line 4. If answer is yes, list the type of obligations (such as bonds, notes, etc.), the amounts of the obligations, the payment terms, and names of creditors. Use a separate schedule if necessary.
- Line 5. An organization filing for the first time must attach two copies of the letter evidencing the exemption from state franchise or income tax, and two copies of the letter evidencing the exemption from federal income tax. If either of these exemptions has subsequently been denied, attach two copies of the letter stating that fact.
- Line 6. Give title of position (do not list names of position holders) and weekly or annual salary, commissions, or percentage payments.

Exhibit E

Page 6 of 6

Line 7 In submitting the financial statements (balance sheet and operating statement) of the organization required under Section A, the complete financial transactions of the organization should be included. If the nature of any item of income or disbursement is not clear from the account name, further explanation indicating the nature of the account should be appended. Your claim will not be processed until the financial statements are received by the assessor.

SECTION B. INFORMATION CONCERNING THE PROPERTY

Section B is for submitting the necessary information relative to each property for which exemption is sought. *A separate Section B must be completed and filed for each property for which exemption is sought, and the information furnished must be restricted to the particular property.* Give exact name of organization, address of this property, and county of location.

The term "property" as used here means any operating unit of property consisting of one parcel or several contiguous parcels for which exemption is sought even though there may be several improvements and separate buildings thereon. Personal property owned by a veterans' organization is specifically exempt under the provisions of Section 215, Revenue and Taxation Code, and no claim form is required. If more than one Section B is filed, each Section B should be numbered for convenient reference.

- Line 1. Enter the legal description or map book, page, and parcel number. Use additional sheets if necessary. Line 1A: Indicate the area and the unit of measurement used. Line 1B: List the primary use which should qualify the property for exemption. Line 1C: List incidental use or uses of the property since March 1 of the prior year.
- Line 2. List all buildings and improvements on the land. Use additional sheets if necessary. Describe as stucco, concrete and steel, brick, wood, etc. Line 2A: List the primary use. Line 2B: List incidental use or uses of the property since March 1 of the prior year.
- Line 3. It is not necessary to list personal property owned by the organization.
- Line 4. If the owner and operator of any portion of the property are not the same, both must file a claim, and each must meet all of the requirements to obtain the exemption.
- Line 5(a) Copies or leases or agreements must be submitted if answer is yes. If the leases or other agreements have been filed in prior years, it is only necessary to attach copies of subsequent extensions, modifications, and changes. The schedule of use should clearly indicate the amount of time the property is actually in use.
- (b) If the answer is yes, provide the names and addresses of the lessors and consignors and list the quantity and description of the property on the reverse side of Section B.
- Line 6. If the answer is yes, describe in sufficient detail to determine the volume of business and the hours open for business since March 1 of the prior year. If a business operation located on the listed parcel has been deliberately omitted, because you do not desire the exemption on the business, so state.
- Line 7. If the answer is yes, describe the type of investment contemplated and the reasons that make such expansion necessary.
- Line 8. The operating statement required under Section B should be restricted to the financial transactions relating to the operation of the subject property. The income should include only those receipts that result from the operation of the property and should not include receipts from invested funds, gifts, or other items that do not result directly from the operation of the property. The expenditures should be the expenditures resulting from the operation of the property. Any expenses of the organization or expenses extraneous to the operating unit should not be included in Section B. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. *The claim may be denied for lack of an operating statement; it must accompany the claim.*

ADDITIONAL INFORMATION

Upon request, the owner and the operator must furnish additional information to the assessor. All claims are reviewed by the State Board of Equalization. Both the assessor and the State Board of Equalization may institute an audit or verification of the operations of the owner and of the operator and may request additional information from the claimant.

RECORDATION REQUIREMENT

As a prerequisite to the allowance of the veterans' organization exemption with respect to taxes on real property, Section 261 of the Revenue and Taxation Code requires the interest in the property of the organization seeking the exemption must be of record as of 12:01 a.m., March 1 in the office of the recorder of the county in which the property is located. Failure to establish the fact of such recordation constitutes a waiver of the exemption.

CHECK YOUR ANSWERS!!

LEAVE NO BLANKS!!

REGULAR ASSESSMENT ☐
SUPPLEMENTAL ASSESSMENT ☐

**VETERANS' ORGANIZATION EXEMPTION
ASSESSOR'S FIELD INSPECTION REPORT**
Information for Property No.....

Name of Organization _____

Address of this property _____ County _____

Owner only ☐ Operator only ☐ Owner-Operator ☐

Date of last inspection of property _____

A. Claimant

1. Claimant is primarily: (check only one)

a. charitable _____ b. other (explain) _____

B. Use of property

1. The primary activity the property is used for is: (check only one)

a. administration _____ b. commercial _____ c. educational _____ d. farming _____

e. fraternal and lodge meetings _____ f. fund raising _____ g. hospital _____

h. housing _____ i. medical (not hospital) _____ j. recreational _____

k. rehabilitation _____ l. informational _____ m. other (Explain) _____

2. Other activities the property is used for are: a. List letters used in B1 _____

b. Other (explain) _____

3. All or part (write in all or part where applicable) of the property is: a. leased or rented _____

b. vacant or unused _____ c. in excess of that reasonably _____ d. used to house personnel whose
presence is not institutionally necessary _____

C. Operation of property for benefit of persons

1. In your opinion are services and expenses _____ If answer is yes, explain:
(yes or no)

2. In your opinion do operations enhance anyone's private gain? _____ If answer is yes, explain:
(yes or no)

3. In your opinion is proposed new capital investment, if any, necessary? _____ If answer is no, explain:
(yes or no)

D. Ownership of real property (as of current lien date) is recorded in exact name of claimant _____ If answer is no, explain:
(yes or no)

_____ Did owner file an exemption claim?

E. Supplemental Assessment (in claimant's name):

1. Date of Change In Ownership _____ Recorded _____
Ownership in name of Claimant? _____ (yes or no)

2. Date of Completion of New Construction _____
Explain what was constructed _____

3. Date Put to Exempt Use _____ If only a portion of the property is put to an exempt use, describe exempt
and nonexempt portions in detail _____

4. Notice: Date mailed _____ Not mailed ☐

5. Date claim for exemption from Supplemental Assessment was filed with Assessor _____

F. A claim for veterans' organization exemption on this property: a. was filed last year _____ b. is new this year _____
c. was filed on property located at _____ last year.
(Address)

G. Recommendation: a. Approval _____ (all or part) b. Denial _____ (part) _____ (all)

Reason for denial (if partial denial, identify specific area to be denied) _____

Date _____ Inspection for _____ Assessor

By _____ Deputy

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**STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION**
P.O. Box 1799, Sacramento, CA 95808
Telephone: (916) 445-4982

WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET

DATE: _____ COUNTY: _____ NEW _____

ORGANIZATION: Name and Address

PROPERTY:

CLASS: _____

PROPERTY NO: _____

Pursuant to the provisions of Section 254.5 of the Revenue and Taxation Code, we have reviewed the Claim for Welfare or Veterans' Organization Exemption together with other material submitted for the above agency. Our finding is that the requirements of Section 214 or Section 215.1 and following of the Revenue and Taxation Code which provide for the welfare or veterans' organization exemption have:

BEEN MET: ☐

NOT BEEN MET: ☐

O.O.	<input type="checkbox"/>	L.R.	<input type="checkbox"/>	A.I.	<input type="checkbox"/>	R.N.A.	<input type="checkbox"/>	C.N.A.	<input type="checkbox"/>
P.P.O.	<input type="checkbox"/>	R.O.	<input type="checkbox"/>	I.D.	<input type="checkbox"/>	N.F.S.	<input type="checkbox"/>	V.U.P.	<input type="checkbox"/>
P.P. & IMP.	<input type="checkbox"/>	N.I.N.	<input type="checkbox"/>	F.R.P.	<input type="checkbox"/>	N.O.S.	<input type="checkbox"/>	L.F.	<input type="checkbox"/>
P.P. & POSS. INT.	<input type="checkbox"/>	P.V.P.	<input type="checkbox"/>	N.T.L.	<input type="checkbox"/>	N.E.U.	<input type="checkbox"/>	O.N.F.	<input type="checkbox"/>
O.E.U.	<input type="checkbox"/>	L.F. 90%	<input type="checkbox"/>	P.N.R.	<input type="checkbox"/>	R.L.Q.	<input type="checkbox"/>	O.N.Q.	<input type="checkbox"/>
E.U.	<input type="checkbox"/>	L.F. 85%	<input type="checkbox"/>						

SEE REVERSE SIDE FOR ABBREVIATIONS

Reviewed by _____

This claim for welfare or veterans' organization exemption must also be approved by the assessor before an exemption may be granted. The assessor may not grant a claim which has been disapproved by this Board.

Please return yellow copy with information requested below:

Action of Assessor: (Check one) Allowed _____ Partly allowed _____ Denied _____

If partly allowed, describe in detail that portion of the property disallowed:

ASSESSED VALUES

Please supply total assessed values whether or not an exemption is allowed.

ITEM	TOTAL ASSESSED VALUE OF:				EXEMPTION ALLOWED ON:			
	LAND	IMP.	PERS.PROP.	TOTAL	LAND	IMP.	PERS.PROP.	TOTAL

OTHER EXEMPTIONS – If another exemption, such as the church, religious, etc., was allowed this year on a portion of property described in the claim, please provide the type and amount of the exemption. _____ \$ _____

B _____
ASSESSOR OR DEPUTY DATE

ASSESSOR'S COPY

**ABBREVIATIONS USED IN PROCESSING CLAIMS
FOR WELFARE OR VETERANS' ORGANIZATION EXEMPTIONS
REQUIREMENTS MET**

CODE

O.O.	Operator only. Claimant owns no land or improvements, but may own personal property.
P.P.O.	Personal property only.
P.P. & IMP.	Personal property and improvement.
P.P. & POSS. INT.	Personal property and possessory interest.
O.E.U.	Only those portions of the property used exclusively for religious, hospital, or charitable purposes meet the requirements for exemption.
E.U.	Portions of the property in excess of that reasonably necessary for the purposes of the organization do not meet the requirements for exemption.
L.R.	Portions of the property leased or rented do not meet the requirements for exemption.
R.O.	Portions of the property used for retail outlet purposes do not meet the requirements for exemption.
N.I.N.	Portions of the property used to house personnel whose presence on the premises is not an institutional necessity do not meet the requirements for exemption.
P.V.P.	Portions of the property which are vacant or unused do not meet the requirements for exemption.
L.F. (90%)	Late filing. Filed with the assessor between March 16 and the following March 1; 90% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.
L.F. (85%)	Late filing. Filed with the assessor after March 1 of the subsequent assessment year; 85% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.

REQUIREMENTS NOT MET

A.I.	Articles of incorporation must be submitted.
I.D.	The articles of incorporation have no provision for the irrevocable dedication of the property and/or no dissolution clause, or, the provision for the irrevocable dedication and/or the dissolution clause is unacceptable. See attached information.
F.R.P.	This property (or portion of property) used for fund raising purposes is not considered to be used for charitable purposes within the meaning of Section 214. Revenue and Taxation Code.
N.T.L.	Welfare: No tax letters under Section 23701(d) of the Revenue and Taxation Code and Section 501(c)(3) Internal Revenue Code of 1954. Veterans' Organization: No tax letters under Section 23701(f) of the Revenue and Taxation Code and under Section 501(c)(4) of the Internal Revenue Code of 1954, or under Section 501(c)(19) added by Public Law 92-418 in 1972.
P.N.R.	Property not recorded in the name of claimant as of the lien date, 12:01 a.m. March 1.
R.N.A.	Religious aspect not apparent. Claimant must explain in detail the religious use of the property.
N.F.S.	No financial statement.
N.O.S.	No operating statement.
N.E.U.	Property is not used exclusively for religious, hospital, or charitable purposes within the meaning of Section 214, Revenue and Taxation Code.
R.L.Q.	Welfare Exemption Supplemental Affidavit Rehabilitation – Living Quarters, Form AH 267-R, not submitted. Obtain from the assessor.
C.N.A.	Charitable aspect not apparent. Claimant must explain in detail the charitable use of the property.
V.U.P.	Vacant, unused property does not meet the requirements for exemption.
L.F.	Late filing. Filed with the assessor after March 15. Claim not denied because of late filing; see other reason checked. See L.F. (90%) and L.F. (85%) above.
O.N.F.	Operator has not filed a claim for the welfare exemption as of the date of this finding.
O.N.Q.	Operator has filed a claim for the welfare exemption but has not qualified for the welfare exemption as of the date of this finding.

SBE-ASD AH 267-G BACK REV. 5 (11-84)

**STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION**
P.O. Box 1799, Sacramento, CA 95808
Telephone: (916) 445-4982
WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET

DATE: _____ COUNTY: _____ NEW CLAIM: _____

ORGANIZATION: Name and Address

PROPERTY:

CLASS: _____

PROPERTY NO: _____

Pursuant to the provisions of Section 254.5 of the Revenue and Taxation Code, we have reviewed the Claim for Welfare or Veterans' Organization Exemption together with other material submitted for the above agency. Our finding is that the requirements of Section 214 or Section 215.1 and following of the Revenue and Taxation Code which provide for the welfare or veterans' organization exemption have:

BEEN MET: ☐

NOT BEEN MET: ☐

O.O.	<input type="checkbox"/>	L.R.	<input type="checkbox"/>	A.I.	<input type="checkbox"/>	R.N.A.	<input type="checkbox"/>	C.N.A.	<input type="checkbox"/>
P.P.O.	<input type="checkbox"/>	R.O.	<input type="checkbox"/>	I.D.	<input type="checkbox"/>	N.F.S.	<input type="checkbox"/>	V.U.P.	<input type="checkbox"/>
P.P. & IMP.	<input type="checkbox"/>	N.I.N.	<input type="checkbox"/>	F.R.P.	<input type="checkbox"/>	N.O.S.	<input type="checkbox"/>	L.F.	<input type="checkbox"/>
P.P. & POSS. INT.	<input type="checkbox"/>	P.V.P.	<input type="checkbox"/>	N.T.L.	<input type="checkbox"/>	N.E.U.	<input type="checkbox"/>	O.N.F.	<input type="checkbox"/>
O.E.U.	<input type="checkbox"/>	L.F. 90%	<input type="checkbox"/>	P.N.R.	<input type="checkbox"/>	R.L.Q.	<input type="checkbox"/>	O.N.Q.	<input type="checkbox"/>
E.U.	<input type="checkbox"/>	L.F. 85%	<input type="checkbox"/>						

SEE REVERSE SIDE FOR ABBREVIATIONS

Reviewed by _____

This claim for welfare or veterans' organization exemption must also be approved by the assessor before an exemption may be granted. The assessor may not grant a claim which has been disapproved by this Board.

Please return yellow copy with information requested below:

Action of Assessor: (Check one) Allowed _____ Partly allowed _____ Denied _____

If partly allowed, describe in detail that portion of the property disallowed: _____

ASSESSED VALUES

Please supply total assessed values whether or not an exemption is allowed.

ITEM	TOTAL ASSESSED VALUE OF:				EXEMPTION ALLOWED ON:			
	LAND	IMP.	PERS.PRO	TOTAL	LAND	IMP.	PERS.PR	TOTA

OTHER EXEMPTIONS – If another exemption, such as the church, religious, etc., was allowed this year on a portion of property described in the claim, please provide the type and amount of the exemption. _____ \$ _____

By _____
ASSESSOR OR DEPUTY DATE

STATE BOARD OF EQUALIZATION COPY
(AFTER ENTRY OF VALUES BY ASSESSOR)

SBE-ASD AH 267-G FRONT REV.5 (11-84)

**ABBREVIATIONS USED IN PROCESSING CLAIMS
FOR WELFARE OR VETERANS' ORGANIZATION EXEMPTIONS
REQUIREMENTS MET**

CODE

O.O.	Operator only. Claimant owns no land or improvements, but may own personal property.
P.P.O.	Personal property only.
P.P. & IMP.	Personal property and improvement.
P.P. & POSS. INT.	Personal property and possessory interest.
O.E.U.	Only those portions of the property used exclusively for religious, hospital, or charitable purposes meet the requirements for exemption.
E.U.	Portions of the property in excess of that reasonably necessary for the purposes of the organization do not meet the requirements for exemption.
L.R.	Portions of the property leased or rented do not meet the requirements for exemption.
R.O.	Portions of the property used for retail outlet purposes do not meet the requirements for exemption.
N.I.N.	Portions of the property used to house personnel whose presence on the premises is not an institutional necessity do not meet the requirements for exemption.
P.V.P.	Portions of the property which are vacant or unused do not meet the requirements for exemption.
L.F. (90%)	Late filing. Filed with the assessor between March 16 and the following March 1; 90% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.
L.F. (85%)	Late filing. Filed with the assessor after March 1 of the subsequent assessment year; 85% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.

REQUIREMENTS NOT MET

A.I.	Articles of incorporation must be submitted.
I.D.	The articles of incorporation have no provision for the irrevocable dedication of the property and/or no dissolution clause, or, the provision for the irrevocable dedication and/or the dissolution clause is unacceptable. See attached information.
F.R.P.	This property (or portion of property) used for fund raising purposes is not considered to be used for charitable purposes within the meaning of Section 214. Revenue and Taxation Code.
N.T.L.	Welfare: No tax letters under Section 23701(d) of the Revenue and Taxation Code and Section 501(c)(3) Internal Revenue Code of 1954. Veterans' Organization: No tax letters under Section 23701(f) of the Revenue and Taxation Code and under Section 501(c)(4) of the Internal Revenue Code of 1954, or under Section 501(c)(19) added by Public Law 92-418 in 1972.
P.N.R.	Property not recorded in the name of claimant as of the lien date, 12:01 a.m. March 1.
R.N.A.	Religious aspect not apparent. Claimant must explain in detail the religious use of the property.
N.F.S.	No financial statement.
N.O.S.	No operating statement.
N.E.U.	Property is not used exclusively for religious, hospital, or charitable purposes within the meaning of Section 214, Revenue and Taxation Code.
R.L.Q.	Welfare Exemption Supplemental Affidavit Rehabilitation – Living Quarters, Form AH 267-R, not submitted. Obtain from the assessor.
C.N.A.	Charitable aspect not apparent. Claimant must explain in detail the charitable use of the property.
V.U.P.	Vacant, unused property does not meet the requirements for exemption.
L.F.	Late filing. Filed with the assessor after March 15. Claim not denied because of late filing; see other reason checked. See L.F. (90%) and L.F. (85%) above.
O.N.F.	Operator has not filed a claim for the welfare exemption as of the date of this finding.
O.N.Q.	Operator has filed a claim for the welfare exemption but has not qualified for the welfare exemption as of the date of this finding.

SBE-ASD AH 267-G BACK REV. 5 (11-84)

STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION
P.O. Box 1799, Sacramento, CA 95808
Telephone: (916) 445-4982
WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET

DATE: _____ COUNTY: _____ NEW _____

ORGANIZATION: Name and Address

PROPERTY:

CLASS: _____

PROPERTY NO: _____

Pursuant to the provisions of Section 254.5 of the Revenue and Taxation Code, we have reviewed the Claim for Welfare or Veterans' Organization Exemption together with other material submitted for the above agency. Our finding is that the requirements of Section 214 or Section 215.1 and following of the Revenue and Taxation Code which provide for the welfare or veterans' organization exemption have:

BEEN MET: ☐

NOT BEEN MET: ☐

O.O.	<input type="checkbox"/>	L.R.	<input type="checkbox"/>	A.I.	<input type="checkbox"/>	R.N.A.	<input type="checkbox"/>	C.N.A.	<input type="checkbox"/>
P.P.O.	<input type="checkbox"/>	R.O.	<input type="checkbox"/>	I.D.	<input type="checkbox"/>	N.F.S.	<input type="checkbox"/>	V.U.P.	<input type="checkbox"/>
P.P. & IMP.	<input type="checkbox"/>	N.I.N.	<input type="checkbox"/>	F.R.P.	<input type="checkbox"/>	N.O.S.	<input type="checkbox"/>	L.F.	<input type="checkbox"/>
P.P. & POSS. INT.	<input type="checkbox"/>	P.V.P.	<input type="checkbox"/>	N.T.L.	<input type="checkbox"/>	N.E.U.	<input type="checkbox"/>	O.N.F.	<input type="checkbox"/>
O.E.U.	<input type="checkbox"/>	L.F. 90%	<input type="checkbox"/>	P.N.R.	<input type="checkbox"/>	R.L.Q.	<input type="checkbox"/>	O.N.Q.	<input type="checkbox"/>
E.U.	<input type="checkbox"/>	L.F. 85%	<input type="checkbox"/>						

SEE REVERSE SIDE FOR ABBREVIATIONS

Reviewed by _____

This claim for welfare or veterans' organization exemption must also be approved by the assessor before an exemption may be granted. The assessor may not grant a claim which has been disapproved by this Board.

CLAIMANT'S COPY

SBE-ASD AH 267-G FRONT REV 5 (11-84)

**ABBREVIATIONS USED IN PROCESSING CLAIMS
FOR WELFARE OR VETERANS' ORGANIZATION EXEMPTIONS
REQUIREMENTS MET**

CODE

O.O.	Operator only. Claimant owns no land or improvements, but may own personal property.
P.P.O.	Personal property only.
P.P. & IMP.	Personal property and improvement.
P.P. & POSS. INT.	Personal property and possessory interest.
O.E.U.	Only those portions of the property used exclusively for religious, hospital, or charitable purposes meet the requirements for exemption.
E.U.	Portions of the property in excess of that reasonably necessary for the purposes of the organization do not meet the requirements for exemption.
L.R.	Portions of the property leased or rented do not meet the requirements for exemption.
R.O.	Portions of the property used for retail outlet purposes do not meet the requirements for exemption.
N.I.N.	Portions of the property used to house personnel whose presence on the premises is not an institutional necessity do not meet the requirements for exemption.
P.V.P.	Portions of the property which are vacant or unused do not meet the requirements for exemption.
L.F. (90%)	Late filing. Filed with the assessor between March 16 and the following March 1; 90% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.
L.F. (85%)	Late filing. Filed with the assessor after March 1 of the subsequent assessment year; 85% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.

REQUIREMENTS NOT MET

A.I.	Articles of incorporation must be submitted.
I.D.	The articles of incorporation have no provision for the irrevocable dedication of the property and/or no dissolution clause, or, the provision for the irrevocable dedication and/or the dissolution clause is unacceptable. See attached information.
F.R.P.	This property (or portion of property) used for fund raising purposes is not considered to be used for charitable purposes within the meaning of Section 214. Revenue and Taxation Code.
N.T.L.	Welfare: No tax letters under Section 23701(d) of the Revenue and Taxation Code and Section 501(c)(3) Internal Revenue Code of 1954. Veterans' Organization: No tax letters under Section 23701(f) of the Revenue and Taxation Code and under Section 501(c)(4) of the Internal Revenue Code of 1954, or under Section 501(c)(19) added by Public Law 92-418 in 1972.
P.N.R.	Property not recorded in the name of claimant as of the lien date, 12:01 a.m. March 1.
R.N.A.	Religious aspect not apparent. Claimant must explain in detail the religious use of the property.
N.F.S.	No financial statement.
N.O.S.	No operating statement.
N.E.U.	Property is not used exclusively for religious, hospital, or charitable purposes within the meaning of Section 214, Revenue and Taxation Code.
R.L.Q.	Welfare Exemption Supplemental Affidavit Rehabilitation – Living Quarters, Form AH 267-R, not submitted. Obtain from the assessor.
C.N.A.	Charitable aspect not apparent. Claimant must explain in detail the charitable use of the property.
V.U.P.	Vacant, unused property does not meet the requirements for exemption.
L.F.	Late filing. Filed with the assessor after March 15. Claim not denied because of late filing; see other reason checked. See L.F. (90%) and L.F. (85%) above.
O.N.F.	Operator has not filed a claim for the welfare exemption as of the date of this finding.
O.N.Q.	Operator has filed a claim for the welfare exemption but has not qualified for the welfare exemption as of the date of this finding.

SBE-ASD AH 267-G BACK REV. 5 (11-84)

STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION
P.O. Box 1799, Sacramento, CA 95808
Telephone: (916) 445-4982
WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET

DATE: _____ COUNTY: _____ NEW _____

ORGANIZATION: Name and Address

PROPERTY:

CLASS: _____

PROPERTY NO: _____

Pursuant to the provisions of Section 254.5 of the Revenue and Taxation Code, we have reviewed the Claim for Welfare or Veterans' Organization Exemption together with other material submitted for the above agency. Our finding is that the requirements of Section 214 or Section 215.1 and following of the Revenue and Taxation Code which provide for the welfare or veterans' organization exemption have:

BEEN MET: ☐

NOT BEEN MET: ☐

O.O.	<input type="checkbox"/>	L.R.	<input type="checkbox"/>	A.I.	<input type="checkbox"/>	R.N.A.	<input type="checkbox"/>	C.N.A.	<input type="checkbox"/>
P.P.O.	<input type="checkbox"/>	R.O.	<input type="checkbox"/>	I.D.	<input type="checkbox"/>	N.F.S.	<input type="checkbox"/>	V.U.P.	<input type="checkbox"/>
P.P. & IMP.	<input type="checkbox"/>	N.I.N.	<input type="checkbox"/>	F.R.P.	<input type="checkbox"/>	N.O.S.	<input type="checkbox"/>	L.F.	<input type="checkbox"/>
P.P. & POSS. INT.	<input type="checkbox"/>	P.V.P.	<input type="checkbox"/>	N.T.L.	<input type="checkbox"/>	N.E.U.	<input type="checkbox"/>	O.N.F.	<input type="checkbox"/>
O.E.U.	<input type="checkbox"/>	L.F. 90%	<input type="checkbox"/>	P.N.R.	<input type="checkbox"/>	R.L.Q.	<input type="checkbox"/>	O.N.Q.	<input type="checkbox"/>
E.U.	<input type="checkbox"/>	L.F. 85%	<input type="checkbox"/>						

SEE REVERSE SIDE FOR ABBREVIATIONS

Reviewed by _____

This claim for welfare or veterans' organization exemption must also be approved by the assessor before an exemption may be granted. The assessor may not grant a claim which has been disapproved by this Board.

Please return yellow copy with information requested below:

Action of Assessor: (Check one) Allowed _____ Partly allowed _____ Denied _____

If partly allowed, describe in detail that portion of the property disallowed: _____

ASSESSED VALUES

Please supply total assessed values whether or not an exemption is allowed.

ITEM	TOTAL ASSESSED VALUE OF:				EXEMPTION ALLOWED ON:			
	LAND	IMP.	PERS.PROP.	TOTAL	LAND	IMP.	PERS.PROP.	TOTAL

OTHER EXEMPTIONS – If another exemption, such as the church, religious, etc., was allowed this year on a portion of property described in the claim, please provide the type and amount of the exemption. _____ \$ _____

By _____
ASSESSOR OR DEPUTY _____ DATE _____

**ABBREVIATIONS USED IN PROCESSING CLAIMS
FOR WELFARE OR VETERANS' ORGANIZATION EXEMPTIONS
REQUIREMENTS MET**

CODE

O.O.	Operator only. Claimant owns no land or improvements, but may own personal property.
P.P.O.	Personal property only.
P.P. & IMP.	Personal property and improvement.
P.P. & POSS. INT.	Personal property and possessory interest.
O.E.U.	Only those portions of the property used exclusively for religious, hospital, or charitable purposes meet the requirements for exemption.
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P.V.P.	Portions of the property which are vacant or unused do not meet the requirements for exemption.
L.F. (90%)	Late filing. Filed with the assessor between March 16 and the following March 1; 90% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.
L.F. (85%)	Late filing. Filed with the assessor after March 1 of the subsequent assessment year; 85% of any tax, penalty, or interest shall be canceled or refunded under the provisions of Section 270 of the Revenue and Taxation Code. The total tax, including penalties and interest, shall not exceed \$250 in any one year on all property located within the county for which a claim that is filed late is subsequently approved.

REQUIREMENTS NOT MET

A.I.	Articles of incorporation must be submitted.
I.D.	The articles of incorporation have no provision for the irrevocable dedication of the property and/or no dissolution clause, or, the provision for the irrevocable dedication and/or the dissolution clause is unacceptable. See attached information.
F.R.P.	This property (or portion of property) used for fund raising purposes is not considered to be used for charitable purposes within the meaning of Section 214. Revenue and Taxation Code.
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O.N.F.	Operator has not filed a claim for the welfare exemption as of the date of this finding.
O.N.Q.	Operator has filed a claim for the welfare exemption but has not qualified for the welfare exemption as of the date of this finding.

SBE-ASD AH 267-G BACK REV. 5 (11-84)

STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION
P.O. Box 1799, Sacramento, CA 95808
Telephone: (916) 445-4982
WELFARE OR VETERANS' ORGANIZATION EXEMPTION FINDING SHEET

DATE: _____ COUNTY: _____ NEW _____

ORGANIZATION: Name and Address

PROPERTY:

CLASS: _____

PROPERTY NO: _____

Pursuant to the provisions of Section 254.5 of the Revenue and Taxation Code, we have reviewed the Claim for Welfare or Veterans' Organization Exemption together with other material submitted for the above agency. Our finding is that the requirements of Section 214 or Section 215.1 and following of the Revenue and Taxation Code which provide for the welfare or veterans' organization exemption have:

BEEN MET: ☐

NOT BEEN MET: ☐

O.O.	<input type="checkbox"/>	L.R.	<input type="checkbox"/>	A.I.	<input type="checkbox"/>	R.N.A.	<input type="checkbox"/>	C.N.A.	<input type="checkbox"/>
P.P.O.	<input type="checkbox"/>	R.O.	<input type="checkbox"/>	I.D.	<input type="checkbox"/>	N.F.S.	<input type="checkbox"/>	V.U.P.	<input type="checkbox"/>
P.P. & IMP.	<input type="checkbox"/>	N.I.N.	<input type="checkbox"/>	F.R.P.	<input type="checkbox"/>	N.O.S.	<input type="checkbox"/>	L.F.	<input type="checkbox"/>
P.P. & POSS. INT.	<input type="checkbox"/>	P.V.P.	<input type="checkbox"/>	N.T.L.	<input type="checkbox"/>	N.E.U.	<input type="checkbox"/>	O.N.F.	<input type="checkbox"/>
O.E.U.	<input type="checkbox"/>	L.F. 90%	<input type="checkbox"/>	P.N.R.	<input type="checkbox"/>	R.L.Q.	<input type="checkbox"/>	O.N.Q.	<input type="checkbox"/>
E.U.	<input type="checkbox"/>	L.F. 85%	<input type="checkbox"/>						

SEE REVERSE SIDE FOR ABBREVIATIONS

Reviewed by _____

This claim for welfare or veterans' organization exemption must also be approved by the assessor before an exemption may be granted. The assessor may not grant a claim which has been disapproved by this Board.

Please return yellow copy with information requested below:

Action of Assessor: (Check one) Allowed _____ Partly allowed _____ Denied _____

If partly allowed, describe in detail that portion of the property disallowed: _____

ASSESSED VALUES

Please supply total assessed values whether or not an exemption is allowed.

ITEM	TOTAL ASSESSED VALUE OF:				EXEMPTION ALLOWED ON:			
	LAND	IMP.	PERS.PROP	TOTAL	LAND	IMP.	PERS.PROP	TOTAL

OTHER EXEMPTIONS – If another exemption, such as the church, religious, etc., was allowed this year on a portion of property described in the claim, please provide the type and amount of the exemption. \$ _____

By _____
ASSESSOR OR DEPUTY DATE

**ABBREVIATIONS USED IN PROCESSING CLAIMS
FOR WELFARE OR VETERANS' ORGANIZATION EXEMPTIONS
REQUIREMENTS MET**

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O.O.	Operator only. Claimant owns no land or improvements, but may own personal property.
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REQUIREMENTS NOT MET

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C.N.A.	Charitable aspect not apparent. Claimant must explain in detail the charitable use of the property.
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L.F.	Late filing. Filed with the assessor after March 15. Claim not denied because of late filing; see other reason checked. See L.F. (90%) and L.F. (85%) above.
O.N.F.	Operator has not filed a claim for the welfare exemption as of the date of this finding.
O.N.Q.	Operator has filed a claim for the welfare exemption but has not qualified for the welfare exemption as of the date of this finding.

SBE-ASD AH 267-G BACK REV. 5 (11-84)

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HOUSING--LIVING QUARTERS

This section is to be completed if one or more persons lives on the premises.

- A. Total number of persons who were housed on the premises the last night in February (Include persons who may be temporarily away)

1. Number of persons being rehabilitated

2. Number of unoccupied beds available for persons to be rehabilitated

3. Number of staff members necessary to care for those persons being rehabilitated (Attach a list which describes the job performed and the number of persons involved)

4. Number of other staff members

5. Number of other persons who are not directly connected with the rehabilitation program

- B. Length of stay of persons being rehabilitated who were housed on the premises the last night in February

1. Number of persons, less than six months

2. Number of persons, 6 months – 1 year

3. Number of persons, 1 year – 2 years

4. Number of persons, longer than 2 years (List by number of years)

5. Total, this figure must agree with A1 above

- C. Do persons being rehabilitated pay, donate, or perform fund producing work for their room and/or board?

Yes – No

If yes, indicate which and explain in sufficient detail to determine the monthly fee per person.

- D. Do staff members who care for those being rehabilitated pay, donate, or perform work for their room and/or board (in lieu of, or from their salary)?

Yes – No

If yes, indicate which and explain in sufficient detail to determine the monthly fee per person.

- E. Do other staff members pay, donate, or perform work for their room and/or board (in lieu of, or from their salary)?

Yes – No

If yes, indicate which and explain in sufficient detail to determine the monthly fee per person.

- F. Do the other persons included in A5 above, pay, donate, or perform work for their room and/or board?

Yes – No

If yes, indicate which and explain in sufficient detail to determine the monthly fee per person.

REHABILITATION

A. On a separate sheet describe your rehabilitation program and activities in detail.

B. Thrift shop, workshop, manufacturing, or similar activities

Number of hours per week the store or other facility is operated. _____

1. Total number of persons employed on the premises on March 1

a. Persons being rehabilitated

(1) Full time _____ persons

(2) Part time _____ persons

(3) Length of employment of persons being rehabilitated

(a) Number of persons, less than six months _____ persons

(b) Number of persons, 6 months - 1 year _____ persons

(c) Number of persons, 1 year - 2 years _____ persons

(d) Number of persons, longer than 2 years _____ persons

(List by number of years)

b. Staff and/or others

(1) Full time _____ persons

(2) Part time _____ persons

2. Total number employed off the premises, but in the operations of the store or other facility as of March 1

a. Persons being rehabilitated

(1) Full time _____ persons

(2) Part time _____ persons

(3) Length of employment of persons being rehabilitated

(a) Number of persons, less than six months _____ persons

(b) Number of person, 6 months - 1 year _____ persons

(c) Number of person, 1 year - 2 years _____ persons

(d) Number of persons, longer than 2 years _____ persons

(List by number of years)

b. Staff and/or others

(1) Full time _____ persons

(2) Part time _____ persons

C. Total number of hours worked during the time period included in the financial statements that accompany the claim

1. Persons being rehabilitated

- a Number of hours worked _____ hours
b Number of persons involved _____ persons

2. Staff and/or others

- a Number of hours worked _____ hours
b Number of persons involved _____ persons

D. Salaries and wages paid during the time period included in the financial statements that accompany the claim

1. Persons being rehabilitated

- a Salaries and wages \$ _____
b Number of persons involved _____ persons

2. Staff and/or others

- a Salaries and wages \$ _____
b Number of persons involved _____ persons

E. Does a person, management firm, or entity other than the organization filing this claim operate the store or facility?

1. If yes, enter his name and mailing address.

2. If yes, enter the amount of salary or fee. (Attach a copy of the contract or other document that indicates the basis for the salary or fee.)

\$ _____

F. Is housing for persons being rehabilitated and/or living quarters for staff provided?

Yes - No

If yes, explain the necessity and complete the section titled HOUSING--LIVING QUARTERS.

WELFARE EXEMPTION

Supplemental Affidavit

HOUSING – ELDERLY OR HANDICAPPED FAMILIES

Eligibility Based on Family Household Income

(Yearly Filing)

(Read instructions carefully before preparing claim.)

This affidavit is required under the provisions of Sections 251 and 254.5 of the Revenue and Taxation Code for those organizations where the income of the occupants must not exceed certain limits.

The affidavit must accompany the claim for welfare exemption and be filed with the assessor, in duplicate, by March 15. Failure to complete and file this form is grounds for denial of the exemption.

_____ states:
(Name of Person Making Affidavit)

1. He is _____
(Title, such as President, etc.)
2. of the _____
(Corporate or Organization Name)
3. the address of which is _____
(Complete Mailing Address)
4. for the property located at _____
(Address of Property)
5. That he makes this affidavit in behalf of said organization in support of a claim for exemption for the 19____ – 19____ fiscal year.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Signature of Person Making Affidavit

Date

THIS AFFIDAVIT IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION

HOUSING – ELDERLY OR HANDICAPPED FAMILIES

Eligibility Based on Family Household Income

Senate Bill 2109 (Chapter 1102, Statutes of 1984), which amends Section 214 of the Revenue and Taxation Code, provides that beginning in 1985 property owned by nonprofit organizations providing housing for low- and moderate-income elderly or handicapped families can qualify for the welfare exemption from property taxes only to the extent that household incomes of families residing therein do not exceed amounts listed below:

No. of Persons in Family	Maximum Income	No. of Persons in Family	Maximum Income	No. of Persons in Family	Maximum Income
1		4		7	
2		5		8	
3		6			

In order to qualify all or a portion of the total property for the exemption, you must have: (1) a signed statement for each family that qualifies (you keep the statement in case of further audit) and (2) you must complete the report below:

List of Qualified Families

(Complete or attach list showing desired information, use additional sheets if necessary)

Unit Number (Use two lines if there are two families in a unit)	No. of Persons in Family (May be more than one family in unit)	Maximum Income for Family Does Not Exceed
1 _____	_____	\$ _____
2 _____	_____	\$ _____
3 _____	_____	\$ _____
4 _____	_____	\$ _____
5 _____	_____	\$ _____

Recap For All Families, Eligible and Ineligible

	<u>Example</u>	<u>Actual</u>
Total number of families	120	—
Number of qualified families (one for each line filled in above)	110	—
Number of nonqualified families (occupant(s) did not sign statement, refused to report, amount of income is over the limit, or unit was occupied by other than an elderly or handicapped family)	10	—

Exemption Calculation

Percentage which the number of low- and moderate-income elderly and handicapped families occupying the property is of the total number of families occupying the property.	110/120	—/—
--	---------	-----

Maximum Percentage of Value of Property Eligible for Exemption	91.66%	—
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WELFARE EXEMPTION
Instructions for Completion of Supplemental Affidavit
HOUSING – ELDERLY OR HANDICAPPED FAMILIES
Eligibility Based on Family Household Income
SBE-ASD AH 267H, Income 2-6-85

Senate Bill 2109 (Chapter 1102, Statutes of 1984, which amends Section 214 of the Revenue and Taxation Code), provides that beginning in 1985 property owned by nonprofit organizations providing housing for low- and moderate-income elderly or handicapped families can qualify for the welfare exemption from property taxes only to the extent that household incomes of families residing therein do not exceed certain specified limits.

INSTRUCTIONS

The claimant (organization) must follow the instructions listed below. The claimant should provide each "family" living on the property with a copy of the attached form titled "Elderly and Handicapped Families – Statement of Family Household Income". The organization's property will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of the welfare exemption claim, to the Assessment Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

Processing of the Affidavit by the Claimant

- A. The claimant (organization) should complete the front of the affidavit; it must be filed, in duplicate, along with the copies of the claim for welfare exemption by March 15.
- B. The claimant must list on the affidavit the following information for only those elderly and/or handicapped families that qualify:
 - 1. Home address, apartment number, room number, etc. Use two lines if there are two families at the same location, etc.
 - 2. The number of persons claimed to be in the family (one family for each line item).
 - 3. The maximum income limit reported by each family (this figure should agree with the income limit based upon number of persons in the family that is printed on the affidavit).

Note: No reporting by line item is necessary for vacant room (areas), families that did not report, families that may not be elderly or handicapped, or for families whose incomes exceed the applicable income limits.

- C. The claimant must complete the Recap section of the affidavit for all families, eligible and ineligible, by entering:

	<u>Example</u>
1. The total number of families.	120
2. The number of <u>qualified</u> families (one for each line item completed in B, above).	110
3. The number of nonqualified families (occupants did not sign statement; refused to report; amount of income, if reported, is over the limit; or unit was occupied by other than an elderly or handicapped family).	10

- D. The claimant must complete the Exemption Calculation Percentage and enter the Maximum Percentage of Value of Property Eligible for Exemption on the appropriate line.

The exemption calculation percentage is computed by:

1. Enter the number of low- and moderate-income elderly and handicapped families occupying the property, in the example the number is 110.
2. Enter the total number of families occupying the property, in the example the number is 120.
3. Divide the number in 1 (110) by the number in 2 (120) to obtain the Maximum Percentage of Value of Property Eligible for Exemption: $110/120 = 91.66\%$ (percent).

Note: If a dollar amount is not entered in the upper portion of the second page of the affidavit for each number of persons, 1-8, contact the assessor for the figures which are found in schedule SBE-ASD AH 267H Income Limits, 2-6-85; the title of the schedule is Welfare Exemption – Family Household Income Limits for 1984 (to be used for affidavits to be filed in 1985), the amounts are different for each county and they change annually.

Income includes but is not limited to:

1. Wages, salaries, fees, tips, bonuses, commissions and other employee compensation.
2. Net income from the operation of a business or profession or from rental of real or personal property.
3. Interest and dividends.

4. Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or other similar types of periodic receipts.
5. Unemployment and disability compensation, workers compensation and severance pay.
6. Public assistance exclusive of any amount specified for shelter and utilities.
7. Alimony, child support payments and regular contributions or gifts from persons not residing in the dwelling.
8. All regular pay, special pay and allowances of a member of the Armed Forces who is head of the family or spouse.

The following items shall not be considered as income:

1. Casual, sporadic or irregular gifts.
2. Amounts specifically for or in reimbursement of the cost of medical expenses.
3. Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses.
4. Amounts of educational scholarships paid directly to the student of educational institution and veteran benefits for costs of tuition, fees, books, and equipment.
5. The value of food coupons.
6. Payments received from the ACTION Agency, VISTA, Service Learning Programs, Special Volunteer Programs, National Older American Volunteer Program, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, SCORE and ACE.
7. Foster Child Care payments.

For a complete listing of income and deductions, see Department of Housing and Community Development Regulations, Section 6914.

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WELFARE EXEMPTION
FAMILY HOUSEHOLD INCOME LIMITS FOR 1984
(To Be Used For Affidavits To Be Filed In 1985)

No. of Persons in Family	1	2	3	4	5	6	7	8
Alameda	\$26,900	\$30,700	\$34,550	\$38,400	\$40,800	\$43,200	\$45,600	\$48,000
Alpine	19,450	22,200	25,000	27,800	29,500	31,250	33,000	34,750
Amador	20,350	23,250	26,150	29,050	30,850	32,650	34,500	36,300
Butte	18,200	20,800	23,400	26,000	27,600	29,250	30,850	32,500
Calaveras	20,150	23,050	25,900	28,800	30,600	32,400	34,200	36,000
Colusa	19,550	22,350	25,150	27,950	29,700	31,450	33,200	34,950
Contra Costa	26,900	30,700	34,550	38,400	40,800	43,200	45,600	48,000
Del Norte	17,900	20,450	23,000	25,550	27,150	28,750	30,350	31,950
El Dorado	22,950	26,200	29,500	32,750	34,800	36,850	38,900	40,950
Fresno	20,000	22,850	25,700	28,550	30,350	32,150	33,900	35,700
Glenn	18,250	20,850	23,450	26,050	27,650	29,300	30,900	32,550
Humboldt	19,900	22,750	25,600	28,450	30,200	32,000	33,750	35,550
Imperial	18,250	20,850	23,450	26,050	27,650	29,300	30,900	32,550
Inyo	20,700	23,650	26,600	29,600	31,450	33,300	35,150	37,000
Kern	21,950	25,100	28,250	31,400	33,350	35,300	37,250	39,250
Kings	17,650	20,150	22,700	25,200	26,800	28,350	29,950	31,500
Lake	15,650	17,900	20,150	22,400	23,800	25,200	26,600	28,000
Lassen	18,900	21,600	24,300	27,000	28,700	30,400	32,050	33,750
Los Angeles	24,200	27,650	31,100	34,550	36,700	38,900	41,050	43,200
Madera	18,900	21,600	24,300	27,000	28,700	30,400	32,050	33,750
Marin	28,550	32,650	36,700	40,800	43,350	45,900	48,450	51,000
Mariposa	17,800	20,350	22,900	25,450	27,050	28,600	30,200	31,800
Mendocino	19,300	22,100	24,850	27,600	29,350	31,050	32,800	34,500
Merced	18,500	21,100	23,750	26,400	28,050	29,700	31,350	33,000
Modoc	17,050	19,500	21,900	24,350	25,900	27,400	28,950	30,450
Mono	22,700	25,900	29,150	32,400	34,450	36,450	38,500	40,500
Monterey	21,950	25,100	28,250	31,400	33,350	35,300	37,250	39,250
Napa	24,600	28,150	31,650	35,150	37,350	39,550	41,750	43,950
Nevada	20,700	23,650	26,600	29,600	31,450	33,300	35,150	37,000
Orange	29,550	33,800	38,000	42,250	44,900	47,500	50,150	52,800
Placer	22,950	26,200	29,500	32,750	34,800	36,850	38,900	40,950
Plumas	19,650	22,450	25,250	28,100	29,850	31,600	33,350	35,100
Riverside	21,850	24,950	28,100	31,200	33,150	35,100	37,050	39,000

WELFARE EXEMPTION
FAMILY HOUSEHOLD INCOME LIMITS FOR 1984
(To Be Used For Affidavits To Be Filed In 1985)

(continued)

No. of Persons in Family	1	2	3	4	5	6	7	8
Sacramento	\$22,950	\$26,200	\$29,500	\$32,750	\$34,800	\$36,850	\$38,900	\$40,950
San Benito	20,700	23,650	26,600	29,600	31,450	33,300	35,150	37,000
San Bernardino	21,850	24,950	28,100	31,200	33,150	35,100	37,050	39,000
San Diego	23,100	26,400	29,700	33,000	35,050	37,150	39,200	41,250
San Francisco	28,550	32,650	36,700	40,800	43,350	45,900	48,450	51,000
San Joaquin	21,550	24,600	27,700	30,800	32,700	34,650	36,550	38,500
San Luis Obispo	20,150	23,050	25,900	28,800	30,600	32,400	34,200	36,000
San Mateo	28,550	32,650	36,700	40,800	43,350	45,900	48,450	51,000
Santa Barbara	26,800	30,600	34,450	38,300	40,650	43,050	45,450	47,850
Santa Clara	31,000	35,400	39,850	44,300	47,050	49,800	52,600	55,350
Santa Cruz	23,950	27,350	30,800	34,200	36,350	38,500	40,600	42,750
Shasta	18,500	21,100	23,750	26,400	28,050	29,700	31,350	33,000
Sierra	19,650	22,450	25,250	28,100	29,850	31,600	33,350	35,100
Siskiyou	18,050	20,650	23,200	25,800	27,400	29,050	30,650	32,250
Solano	24,600	28,150	31,650	35,150	37,350	39,550	41,750	43,950
Sonoma	23,750	27,150	30,550	33,950	36,100	38,200	40,350	42,450
Stanislaus	20,500	23,400	26,350	29,300	31,100	32,950	34,750	36,600
Sutter	18,200	20,800	23,400	26,000	27,600	29,250	30,850	32,500
Tehama	17,050	19,500	21,900	24,350	25,900	27,400	28,950	30,450
Trinity	17,650	20,150	22,700	25,200	26,800	28,350	29,950	31,500
Tulare	18,200	20,800	23,400	26,000	27,600	29,250	30,850	32,500
Tuolumne	19,050	21,750	24,450	27,200	28,900	30,600	32,300	34,000
Ventura	26,900	30,700	34,550	38,400	40,800	43,200	45,600	48,000
Yolo	22,950	26,200	29,500	32,750	34,800	36,850	38,900	40,950
Yuba	18,200	20,800	23,400	26,000	27,600	29,250	30,850	32,500

(916) 445-4982

March 5, 1985

TO COUNTY ASSESSORS:

**WELFARE EXEMPTION – HOMES FOR THE ELDERLY AND HANDICAPPED
INCOME STATEMENTS**

Senate Bill 2109 (Chapter 1102, Statutes of 1984), which amends Section 214 of the Revenue and Taxation Code, provides that beginning in 1985, property owned by nonprofit organizations providing housing for low- and moderate-income elderly and handicapped families can qualify for the welfare exemption from property taxes only to the extent that household incomes of families residing therein do not exceed specified limits.

Property which would otherwise be exempt, except that it includes some housing and related facilities for other than low- or moderate-income elderly or handicapped families, shall be entitled to a partial exemption. The partial exemption shall be equal to that percentage of the value of the entire property which is equal to the percentage which the number of qualifying low- and moderate-income elderly and handicapped families occupying the property is of the total number of families occupying the property.

Enclosed are the following forms and procedures to be used in the administration of the income requirements for homes for the elderly and handicapped:

1. The Supplemental Affidavit, Housing – Elderly or Handicapped Families, SBE-ASD AH 267H, Income 2-6-85.

This form must be filed by the claimant, in duplicate, at the same time that its duplicate claims for the welfare exemption are filed with the county assessor. This form has been prescribed by the Board.

2. A copy of the Supplemental Affidavit, referred to above, that includes your (assessor's) name, return address, and the family household income limits based upon number of persons in families, to be specifically used for families occupying properties owned by claimants in your county. The set of eight income limits is different for each county. Your affidavit must not be used for filing in another county.

TO COUNTY ASSESSORS

-2-

March 5, 1985

3. A copy of the Family Household Income Limits for 1984 showing the limits based upon number of persons in families for each of the 58 counties.

Amended Section 214 states, "as used in this section, 'low and moderate income' has the same meaning as the term 'persons and families of low or moderate income' as defined by Section 50093 of the Health and Safety Code." Thus, the Family Household Income Limits for 1984 are the "moderate income" limits taken from the Department of Housing and Community Development's Family Eligibility and Affordability Income Limits, promulgated pursuant to Section 50093 in California Administrative Code, Title 25, Part 1, Chapter 6.5, Subchapter 2, as Section 6932, and which became effective July 23, 1984. Per the Department, such moderate income limits were derived from HUD's income limits and, as you can see, are different for each county. Therefore, depending upon number of persons in families, the combined income(s) of such person(s) cannot exceed the corresponding amounts set forth on the Supplemental Affidavit and Family Household Income Limits for 1984 for your county.

4. A suggested form that you should provide to organizations so that the organization can provide the forms to each family occupying a portion of its property in order to determine if the household income of each family does not exceed the specified limit for the family. The suggested form is titled, "Statement of Family Household Income." The eight income limits, based upon number of persons in families, for your county must be included on each form. The amounts to be entered are the same as shown on the affidavit to be included with the claim for exemption.

Please note that the form does not ask for the amount of family income, only that the form be signed if family income does not exceed a stated amount.

PROCEDURES FOR PROCESSING THE SUPPLEMENTAL AFFIDAVIT

Housing – Elderly or Handicapped Families
SBE-ASD AH 267H, Income 2-6-85

You must provide a copy of the affidavit to each home for the elderly and/or handicapped or the separate homes, convalescent homes, or other dwellings occupied by such individuals where the organization files for the welfare exemption. A home for the handicapped may include persons who are not elderly such as housing for physically disabled, mentally retarded, nursing homes, sanitariums, etc. The organization will not be allowed the exemption unless the proper information in a completed affidavit, in duplicate, is provided to the assessor, who will forward a copy of the affidavit, along with a copy of the welfare exemption claim, to the Assessment

TO COUNTY ASSESSORS

-3-

March 5, 1985

Standards Division, State Board of Equalization, for review under the provisions of Section 254.5, Revenue and Taxation Code.

It is Imperative that the assessor provide adequate information and explanation to each claimant organization so the organization can properly complete the affidavit. The assessor should make certain that the income limits provided to the occupants of the homes are exactly the same as the income limits shown on the claimant's affidavit. Though the form to be completed by occupants is NOT prescribed, the assessor may choose to provide copies of the form to the claimant organizations.

PROCESSING OF THE AFFIDAVIT BY THE CLAIMANT

- A. The claimant (organization) should complete the front of the affidavit; it must be filed, in duplicate, along with the copies of the claim for welfare exemption by March 15.
- B. The claimant must list on the affidavit the following information for only those elderly and/or handicapped families that qualify:

1. Home address, apartment number, room number, etc. Use two lines if there are two families at the same location, etc.
2. The number of persons claimed to be in the family (one family for each line item).
3. The maximum income limit reported by each family (this figure should agree with the income limit based upon number of persons in the family that is printed on the affidavit).

Note: No reporting by line item is necessary for vacant room (areas), families that did not report, families that may not be elderly or handicapped, or for families whose incomes exceed the applicable income limits.

- C. The claimant must complete the Recap section of the affidavit for all families, eligible and ineligible, by entering:

	<u>Example</u>
1. The total number of families.	120
2. The number of <u>qualified</u> families (one for each line item completed in B, above).	110
3. The number of nonqualified families (occupants did not sign statement; refused to report; amount of income, if reported, is over the limit; or unit was occupied by other than an elderly or handicapped family).	10

TO COUNTY ASSESSORS

-4-

March 5, 1985

- D. The claimant must complete the Exemption Calculation Percentage and enter the Maximum Percentage of Value of Property Eligible for Exemption on the appropriate line.

The exemption calculation percentage is computed by:

1. Enter the number of low- and moderate-income elderly and handicapped families occupying the property; in the example above, the number is 110.
2. Enter the total number of families occupying the property; in the example above, the number is 120.
3. Divide the number in 1 (110) by the number in 2 (120) to obtain the Maximum Percentage of Value of Property Eligible for Exemption: $110/120 = 91.66\%$ (percent).

The assessor should determine that an officer or manager of the organization verified that:

1. The income limits used on each statement provided to each occupant were correct.
2. The correct number of names of family members is entered on each statement completed by an occupant, and that the same number of persons and corresponding income limit is entered on the claimant's affidavit.

As we are now in the new assessment year advise welfare exemption claimants to FILE THE CLAIM BY MARCH 15, 1985, the information requested in this letter should be received within a few days after that.

If you have any questions concerning these procedures, please contact William Grommet, Exemption Officer. His telephone number is (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosures
AF-03-2539A

(Suggested Family Household Income Reporting Form for 1985)

WELFARE EXEMPTION

ELDERLY OR HANDICAPPED FAMILIES

(One person or two or more persons)

STATEMENT OF FAMILY HOUSEHOLD INCOME

Sign and file this statement by March 1, 1985 with an officer or the manager of the organization on whose property you reside.

Name(s) of Occupants:

Address or Unit No. (No P.O. Box Nos.)

First, if there are more than one person residing in a unit, do you consider yourselves family?

Yes ☐ No ☐

If no, report on line 1 the number of persons in your family. EACH NONFAMILY MEMBER MUST COMPLETE A SEPARATE STATEMENT. (See instructions on reverse.)

Second, complete the statement and return it to the manager of the organization that provides the housing.

1. Number of persons in "family household." (See instructions.) _____
2. I certify (or declare) under penalty of perjury under the laws of the State of California that the family household income for the prior calendar year, 1984, did not exceed \$ _____. (Enter the amount of the income limit, shown below, for the number of persons in family household.)

Number of Persons in Family Household

Income Limit

1	\$
2	\$
3	\$
4	\$
5	\$
6	\$
7	\$
8	\$

Date: _____, 19 ____ Signature: _____

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(Suggested Family Household Income Reporting Form for 1985)

GENERAL INFORMATION

Senate Bill 2109 (Chapter 1102, Statutes of 1984), which amends Section 214 of the Revenue and Taxation Code, provides that beginning in 1985, property owned by nonprofit organizations providing housing for low- and moderate-income elderly or handicapped families can qualify for the welfare exemption from property taxes only in the percentage which the number of low- and moderate-income elderly and handicapped families occupying the property is of the total number of families occupying the property.

INSTRUCTIONS FAMILY HOUSEHOLD INCOME

1. Enter the names of the persons who comprise your "family." Also, enter address or unit number.
2. Enter on line 1 the number of persons who comprise your family.
3. Enter on line 2 the income limit figure for the number of persons shown on line 1.
4. Sign the statement if your combined family income is the same as or less than the income limit.
5. Return the statement to an officer or the manager of the organization on whose property you reside by March 1 so the organization will have time to complete the form that must be filed with the assessor.

HOUSEHOLD INCOME

Income includes but is not limited to:

- (1) Wages, salaries, fees, tips, bonuses, commissions and other employee compensation.
- (2) Net income from the operation of a business or profession or from rental of real or personal property.
- (3) Interest and dividends.
- (4) Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or other similar types of periodic receipts.
- (5) Unemployment and disability compensation, workers compensation and severance pay.
- (6) Public assistance exclusive of any amount specified for shelter and utilities.

FRONT 2-6-85

- (7) Alimony, child support payments and regular contributions or gifts from persons not residing in the dwelling.
- (8) All regular pay, special pay and allowances of a member of the Armed Forces who is head of the family or spouse.

The following items shall not be considered as income:

- (1) Casual, sporadic or irregular gifts.
- (2) Amounts specifically for or in reimbursement of the cost of medical expenses.
- (3) Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses.
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution and veteran benefits for costs of tuition, fees, books, and equipment.
- (5) The value of food coupons.
- (6) Payments received from the ACTION Agency, VISTA, Service Learning Programs, Special Volunteer Programs, National Older American Volunteer Program, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, SCORE and ACE.
- (7) Foster Child Care payments.

For a complete listing of income and deductions, see Department of Housing and Community Development Regulations, Section 6914.